

# Public Administration

The Journal of the Institute of Public Administration  
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# Reviews

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## Summer Conference, 1937

THE Summer Conference of the Institute of Public Administration will be held in Gonville and Caius College, Cambridge, from 2nd to 5th July, 1937, under the Chairmanship of Sir George Etherton, O.B.E., D.L., Clerk of the Peace and Clerk of the Lancashire County Council.

The following papers will be discussed:—

### *Friday, 2nd July.*

THE VALUE OF ECONOMIC TRAINING FOR PUBLIC ADMINISTRATION (10.30 a.m.), by Professor Arnold Plant, B.Sc. (Econ.), B.Com. (Sir Ernest Cassel Professor of Commerce)—with special reference to business administration in the University of London.

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MEASUREMENT OF STAFF OUTPUT IN CLERICAL WORK (2.30 p.m.), by Miss Myra Curtis (Principal, Post Office, London); Dr. Marion A. Bills, Assistant Secretary, Ætna Life Insurance Company of Hartford, Connecticut, U.S.A.

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### *Saturday, 3rd July.*

PROBLEMS OF A LOCAL AUTHORITY IN AN INDUSTRIALLY DISTRESSED AREA (10.30 a.m.), by Mr. D. N. Chester, M.A. (Admin.) (formerly of Manchester Corporation, now Lecturer in Public Administration, Manchester University)—Lancashire; Mr. J. S. Coventry, D.P.A. (City Collector's Department, Glasgow Corporation)—Glasgow; Mr. H. E. R. Highton, M.A. (Glas.) (Lecturer in Economics, Armstrong College, Durham University)—Tyne-side; Mr. S. C. Parris, B.Sc. (Econ.) (Lond.) (Lecturer in Economics and Political Science, University College, Cardiff)—South Wales.

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*Monday, 5th July.*

THE USE OF THE INTERVIEW IN RECRUITMENT AND PROMOTION (10.30 a.m. and 2.30 p.m.), by Mrs. Mary A. Hamilton (a Governor of the British Broadcasting Corporation); Mrs. W. Raphael, B.Sc. (National Institute of Industrial Psychology); Mr. A. L. N. D. Houghton (General Secretary of the Association of Officers of Taxes); Miss J. M. Robertson (Lady Superintendent, Personnel Department, British Thomson-Houston Co., Ltd., Rugby); Mr. F. Steadman, F.I.M.T.A. (Chief Financial Officer, Surrey County Council).

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# The Value of Economic Training for Public Administration

By Professor ARNOLD PLANT, B.Sc. (Econ.), B.Com.  
*Sir Ernest Cassel Professor of Commerce, University of London*

[*Paper to be discussed at the Summer Conference of the Institute of  
Public Administration, Cambridge, July, 1937*]

## I

THAT such a question as this can be seriously—and sensibly—put to an academic economist is surely a measure of the change which has taken place in the general approach to economic studies, and in the purpose for which those studies have generally been undertaken. There was a time in the history of the subject when public administrators did not think of asking such a question. They were prominent among those who thought and wrote about economics, and they occupied their leisure in developing and refining it because it represented to them the body of principles upon which their daily work should be conducted. To these cameralists—the King's Cabinet advisers and officers—the nation was simply a business, and they regarded their job as being that of producing for the proprietor, their Monarch, as good a trading account, profit and loss account and balance sheet as they could, each year. Antoyne de Montchrétien's "*Traicté de l'Economic Politique*," written in 1615 and possibly the first book to bear such a title, also comes into that category, although its author was a hardware manufacturer; for its dedication to Louis XIII and the Queen-mother, and its preoccupation with the interests of the State are typical of the cameralist approach, as exemplified by a school of German writers. In the words of Gonner, cameralistic science "treats of the adaptation of means to ends, and the effects of expenditure on the fund of wealth from which revenue can be drawn."

Government officials may therefore claim with justice that they helped to make economics what it is. They were, of course, not alone. Business men had their own ideas on the national interest, and the mercantilists, since the time of Montchrétien's contemporary,

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Thomas Mun, were for ever urging the wisdom of State regulation of foreign trade in order to produce the maximum "favourable" balance, no doubt realising a connection between an inflow of the precious metals and a rising price level. Their writings served a double purpose, firstly in helping to refine theoretical concepts of the gain from trade, but secondly in emphasising the view that the surest foundation for the prosperity of the Monarch was the prosperity of his subjects. The outstanding English cameralist, Sir William Petty, placed the two side by side when he developed the "Political Arithmetick" which was his name for the economic statistics of our own time. His son, the Earl of Shelburne, could think of no better offering to his constitutional monarchs, William and Mary, after their accession, than the dedication to them of his father's essay: "It was by him stiled Political Arithmetick," wrote Shelburne in 1691, "in as much as things of Government, and of no less concern and extent, than the Glory of the Prince, and the happiness and greatness of the People, are by the ordinary Rules of Arithmetick, brought into a sort of Demonstration."

Against that background it was but a logical next step forward in 1776, when political economy first took its modern shape in the form of *An Inquiry into the Nature and Causes of the Wealth of Nations*, for Adam Smith to select a title for his treatise which continued the cameralist interest in national prosperity, but at the same time for him to devote the first four books to explaining "in what has consisted the revenue of the great body of the people, or what has been the nature of those funds, which, in different ages and nations, have supplied their annual consumption," coming only in the fifth and last book to "the revenue of the sovereign, or commonwealth." The account which he gives, in the Introduction and Plan of the Work, of the scope of that fifth book is of interest: "In this book I have endeavoured to show; first, what are the necessary expences of the sovereign, or commonwealth; which of those expences ought to be defrayed by the general contribution of the whole society; and which of them, by that of some particular part only, or of some particular members of it: secondly, what are the different methods in which the whole society may be made to contribute towards defraying the expences incumbent on the whole society, and what are the principal advantages and inconveniences of each of those methods; and, thirdly and lastly, what are the reasons and causes which have induced almost all modern governments to mortgage some part of this revenue, or to contract debts, and what have been the effects of those debts upon the real wealth, the annual produce of the land and labour of the society."

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This process of democratisation of the approach to the science of economics has continued to our day, more and more emphasis being laid, as the years pass, upon the causes of prosperity of the people who constitute the nation, and upon a view of governmental activity which simply observes the degree to which it affects the prosperity of the people. That trend does not imply the development of a normative tendency: in fact, any change in that regard has been decidedly in the direction of excluding rigorously whatever such bias there may have been in earlier contributions. In our own time, consciously or unconsciously, economists have gone back to the work of David Hume and have re-formulated the economic problem in terms of *scarcity*; the scarcity of the means available to human beings for the attainment of the ends they have in view. Without that dominating fact of scarcity, as Hume in 1751 made abundantly clear in his *Inquiry concerning the Principles of Morals* (Section III—Of Justice), there would be no economic problem; as things are, human behaviour is conditioned throughout by it. The poor man who wants a meal is faced with the problem of securing first the wherewithal to buy it: the millionaire in Johannesburg, called suddenly to a sick-bed in London, is in like manner confronted by this dominating fact of scarcity when he seeks desperately to hire a fast plane at a moment's notice. Modern economic theory is concerned with the study of the logical implications of that ubiquitous condition.

The existence of governmental institutions, and the effects of their activities upon relative scarcities, clearly constitute an important part of the field: the former cameralistic science of finance has been re-formulated to bring this aspect of the subject into line with the general trend of modern economic science. In the most up-to-date statement, which has recently been made available in English by the translation of *The First Principles of Public Finance* from the Italian of Antonio de Viti de Marco, the ground is marked out in the following definition: "What may be called Private Economics studies the activities of the individual, in so far as they are directed toward the satisfaction of individual wants. What may be called Public Economics, or the Economics of Public Finance, studies the productive activities of the State, which are directed toward the satisfaction of collective wants. This comparison may be regarded as providing a first approximation." Collective wants are defined as "feelings of dissatisfaction on the part of the individuals who make up the social organism—which impel them to produce the goods that they think are adapted to satisfy these collective wants."

Now in the course of the historical development of economics, public and private, to which I have just made this quite inadequate

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reference, there may well have been a period in which the pre-occupation of economists with the task of refining the exposition of the "private" aspects of their subject has given them undue prominence, while the unequal rate of improvement has tended to create the impression that public finance has become a separate and unrelated field of study. In such circumstances, public administrators may well be led to ask what advantage, if any, would accrue to them in the performance of their duties from the study of economics. I hope, however, that this very slight sketch of recent trend will have served at any rate to indicate some grounds for my belief that their former concern with the development of the science was no passing phase, but that on the contrary their ever-widening sphere of activity as public servants, rather than as mere officers of a royal household, carries with it a steadily growing obligation to continue to make their contribution to our knowledge in the sphere of economics and to order their duties in accordance with its principles.

Hitherto the value of the study of economics to administrators, in both the private and the public fields, has lain mainly in the aid which it affords in analysing on the one hand the assumptions which lie behind a proposed course of action and on the other hand the probable consequences of such a policy. Thereby inconsistencies of aim may be removed and probable results may be compared with prior expectations: in that way the more obviously self-frustrating expedients may be avoided. Further progress in the field of prediction may be anticipated to the degree that we are justified in assuming that rationality of human behaviour (in the sense of the avoidance of such behaviour as within the knowledge of the person concerned at the time will subsequently be regretted) will increase with the increase and spread of knowledge concerning cause and effect in economic relations.

### II

The most sheltered public administrator does not operate in a vacuum. He cannot hope to be completely insulated by his office from the complicated economic organisation in which we live. In his private life, of course, he will almost inevitably have to reckon with it, and for that reason alone he will be the better for an understanding of economics. But in these post-war years, in which the Geddes Report of 1922 is followed within as brief a space as nine years by the appointment of the Committee on National Expenditure, it is unlikely that even in his official position he will remain indefinitely undisturbed by economic changes in the world around him. In the performance of his duties he must in varying measure, according to his function, take

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cognisance of economic facts. For the activities of private administrators will impinge to some degree upon his work, and market forces compel them to change their behaviour with the changing economic scene. If he is to recommend the most appropriate re-adjustment in his own activity, and to resist with real effectiveness the inappropriate changes that will quite certainly be suggested to him, he must apply himself quickly and continuously to the study of economics.

The more closely the work of a public department compares with that of a private business undertaking, the more directly is its activity related to general business conditions. Its officers will need, equally with the corresponding employees of a comparable business firm, to watch for, and to be able to recognise, the symptoms of changing economic prosperity, and further to know in what direction and to what probable degree their own transactions will reflect such change. Municipal tramway undertakings, operating in regions in which private omnibus services still enjoy the right to convey the public, and municipal electricity departments competing with private gas companies are examples of the type of public undertaking which is in the closest touch with business. I shall hardly need to elaborate the case for an economic training for the administrators of such enterprises. We may usefully distinguish three additional types of public administration, in which the impact of changing economic conditions upon activity is progressively less direct, though not necessarily less significant. The second is the sphere of public operation of monopoly undertakings, such as the Post Office. Thirdly, there is the provision, together with the control, of subsidised or grant-aided services; such as secondary schools or municipal hospitals. Fourthly, there is the large category of services which are in compulsory demand by the citizens, whether in the sense that they are taxed to pay for them, as in the case of poor relief, or compelled to buy them for themselves, as in the case of police protection and road provision, or compelled to consume them whether they pay for them or not, as in the case of elementary education for the children of the working classes. The bearing of economics upon each of these four spheres of public administration (no doubt others could be usefully distinguished) is profound though not equally obvious, and it will not be out of place to suggest one or two aspects of each of them in turn which will illustrate the light that modern economic analysis might be made to throw upon their special problems.

### III

In both of the first two categories which have been distinguished, namely, government "business" undertakings selling their product

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to consumers, whether competing with private enterprise or enjoying a monopoly, continual marketing operations are a central part of the work of the administrator. He is engaged, like private business men, upon buying and selling, and the effectiveness of his operations is measured in his trading results. I do not propose to waste time in urging the importance to those engaged upon market operations of a proper appreciation of the self-regulating forces of demand and supply through the medium of the price-mechanism, nor need I stress the necessity for a thorough study of both economic theory and the technical influences upon rates of change of supply and demand in particular markets, if disastrous commitments are to be avoided.

Of equal importance, again, in both categories of enterprise is a proper appreciation of the methods of analysis of changes in costs of supply, assuming various alternative techniques of production, as output is varied; and of the necessity for comparing these changes at the margin with the rate of change in revenue from the sale of varying quantities of output. One does not require an intimate knowledge of economics to realise that when an increase in output adds more to receipts than it does to costs, expansion will provide a net gain; nor that when the reverse is the case the enterprise will be more profitable if further expansion is avoided. But what it is appropriate in conditions of highly capitalised production to include in "prime costs," particularly when several products are involved, is a matter in which in recent years it is not too much to say that theoretical economists have progressed farther than the accountancy profession; and in the highly intricate field of estimating changes in receipts as output varies, such estimates involving predictions about selling prices which must be made in reference to the contemporaneous movements in competitors' prices and output which are most probable in each set of circumstances, the training afforded by the study of analytical economics is undoubtedly of the greatest assistance. The translation of the term "elasticity of demand" out of the language of theoretical abstraction into that of quantitative estimate is a procedure that calls for a clear understanding of the different assumptions that may be made about the period of time under consideration, and about the capacity and willingness of competing undertakings (using the word "competing" in the widest sense) to make countervailing changes in their own arrangements. However risky that procedure is, it has to be undertaken by those responsible for price and output policy in large undertakings, and a prior study of economics will make for a clearer head whenever the attempt is made.

In the analysis of changes in costs with variations in output, again, while technical factors may be comparatively simple to assess, there



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are potent forces at work making for increases in cost, as the size of enterprise increases, which are more intangible and in the detection of which a training in economics will be advantageous. I refer of course to the problem of co-ordination, and the other so-called "diseconomies of large-scale management" which so often result in large undertakings proving unexpectedly vulnerable when exposed to the competition of much smaller rivals. As will be emphasised later, these relatively intangible factors, which are perfectly familiar to those accustomed to economic analysis but frequently bewildering to others who are impressed by mere size, provide an important consideration to be weighed when determining how far a governmental authority shall itself provide a service (such as insurance), which it compels every person answering to a given description to demand, and how far it shall leave the provision to be made in the open market by private enterprise.

Reference must at this stage be made to the assistance which acquaintance with the methods of economic reasoning can render to the problem of determining the limits to the gains from standardisation. One of the important economies which is offered by amalgamations of public or private undertakings is that which comes from the centralisation of buying. The large order, it is said, will frequently evoke better terms; the gain is obvious. Now it is certainly true that considerable savings may frequently be effected in this way, but the administrator trained in economic analysis will find in every such instance a problem for special explanation. He will not normally expect middlemen to be so careless as to allow such considerable opportunities for easy profits to escape their notice; he will want to know precisely why a middleman has not estimated long before the probable bulked requirements of the collaborating departments or firms, bought the larger quantity himself in bulk and proceeded to cut into the trade by offering substantial economies to the separate buyers if they transfer their custom to him. Not infrequently, no doubt, the answer may be that the centralised buying office will be able to apply pressure to drive a hard bargain such as the middleman could not have imitated: the economic investigator may then be satisfied. But frequently he may discover that the costs of holding central stocks and breaking bulk at least outweigh the gains from bulk buying, and that the collaborators are better advised to leave the risks of the wholesale trade to specialists. And, moreover, he may discover that bulk orders can be placed at all only at the cost of imposing upon the collaborating units a standardisation of their requirements which many of them are justified in resisting on the grounds that their efficiency of operation is thereby seriously impaired.

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The economist, aided by his knowledge that grading and standardisation, whether of commodities, or, for instance, of the form in which electric current is made available, or of the staff of large undertakings, is a *pis aller*—a necessity imposed, for better or worse, as the price of securing some other advantage, and he will insist, in every case that his training enables him to detect, upon investigating the losses and measuring them against the gain.

The apparent social gains from the creation of public monopolies are derived largely, of course, from the economies which may be anticipated from the compulsory standardisation of output. They explain much of the attractiveness of the public utility form of enterprise, which has in our time become almost a fetish in "planning" circles. It must be observed that the effect of such plans is clearly to impose upon sections of the community an added scarcity, in the form of the denial of preferred alternatives, both actual and potential, which would not otherwise obtain. Such compulsory standardisation is clearly defensible in the case of the provision at public expense of services which would not otherwise be available to the recipients—such as free education or poor relief—for it reduces the public burden of the maximum provision which the community is prepared to make; but no such defence can be made when the costs are met by those who receive the service. A distinction must clearly be drawn between standardisation of a voluntary kind, induced by the passing-on of the savings to the buyer, who prefers to sink his individuality in order to secure the concession, and that which is compulsorily imposed by the prohibition of the offer of alternatives. The economist is alive to the implications of these proposals to supplant competitive enterprise by public monopoly. At the same time his acquaintance with cost and price analysis is clearly an important aid to the public utility controller when determining the range of discriminating monopoly which will maximise receipts from a number of markets which can successfully be separated.

### IV

I pass now to the third category of public administration which I have distinguished, viz., the provision and control of subsidised services, such as those of hospitals and education, and propose very briefly to illustrate the relevance of modern economic analysis to the problems involved in such fields of governmental activity.

It is here of fundamental importance to realise the significance of the process known to economists as the equalising of expenditures and satisfactions at the margin. The majority of the voting citizens who desire that these services shall be subsidised in fact decide that a



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given contribution from the limited incomes of the taxpayers will be better expended from their point of view if taken as a tax contribution by the State and put to certain stated uses than if they were to expend it themselves upon other objects. That at any rate is the assumption under democratic government. But it is clear that each of the uses must be balanced separately against the other alternatives open. The public servant who regards it as his function in a democratic community to give as perfect expression as is possible to the wishes of the majority of the electorate will seek therefore to present the issues to them in such a form as will, for instance, enable them to decide, in a very simplified case, between a tenth hospital and four more schools and a halfpenny off the income tax. It is clear that there remains here an enormous field of work still to be performed by economists and public administrators, in so formulating the alternatives that the decision of the electorate accords most nearly with the will of the majority.

### V

Many similar economic problems are raised by both the State subsidy of services and the fourth category of public services, viz., those which the community, or sections thereof, are compelled by law to demand. It will suffice if by way of illustration I here indicate one or two which appear to be representative of others.

There is first of all the problem of deciding the extent to which the governmental authority shall involve itself in the actual provision of services which it requires the community to demand or wishes to place at their disposal. Insurance provides an example. Suppose the State requires all persons answering a given description to take out insurance cover of a certain minimum type. How far shall the controlling authority go? Shall it, firstly, leave the provision to the competitive enterprise of private undertakings, in order that full scope shall be allowed for the exercise of ingenuity in devising attractive forms of cover, and for individual preferences of the insurers, while conforming to the prescribed minimum requirement? Will competing enterprises in such conditions expand to the size at which, given individual preferences, costs are minimised, and then expand no further? Shall the State itself establish an undertaking in competition with private enterprise, as a safeguard against the formation of monopoly rings? Shall it take over the whole service, and even narrow down the range of alternatives open in order to enforce economies which can alone make possible low-cost operation on the large scale at which it would have to operate? Such questions arise throughout the field of public enterprise. For example, should the telephone

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service of the Post Office be so organised that subscribers may themselves purchase from independent suppliers any form of receiver-set which conforms to the general technical requirements of the system, or is it desirable to limit arbitrarily the range of available alternative patterns and make subscribers purchase or hire them through the Post Office organisation? I submit that this type of question is one upon which modern economic analysis may well be found scope for useful application.

I have left for mention by way of conclusion what will to many minds be an outstanding example of a problem confronting public administrators which calls for economic training of a high order. That is the question of the timing of postponable public enterprise. There is, firstly, the question of public economy: the balancing of interest rates and maintenance costs in order to minimise the cost of attaining the given end. That certainly calls for the exercise of the capacity to analyse current economic trends. But more important, perhaps, is the question of so timing public works that on the one hand the minimum of unnecessary disturbance is involved to the private enterprises of the collaborating citizens, and on the other hand the maximum benefit is secured by the amelioration of economic distress. I would commend the whole problem to the earnest consideration of all—if any such there be—who doubt the value of economic training for public administrators.

# Measurement of Staff Output in Clerical Work

By Miss MYRA CURTIS

[*Paper to be discussed at the Summer Conference of the Institute of Public Administration, Cambridge, 1937*]

**I**N the remarks which follow I shall interpret " Clerical Work " as comprising the types of work we include under that head in the Civil Service, *i.e.*, as consisting of routine operations performed under standard instructions, not involving the making of executive decisions, but requiring, in its upper reaches, some degree of discretion in applying regulations to individual cases, while in its lower reaches it includes some manipulative or semi-manipulative operations like sorting and the use of calculating machines.

The object of measuring staff output on work of this kind, as on any other work, is to arrive at a basis for the scientific adaptation of numbers employed to volume of work. It provides material for the costing of particular processes, and for estimating the effects on costs of modifying those processes. Apart from measurement the management has no specific *numerical* basis for its decisions regarding staff employed. It has to rely on inspection and supervision, which though they may be effective, if sufficiently close, in ensuring that the staff are continuously employed throughout their working day, cannot ensure that they are working to the best of their capacity or say precisely what effect a given modification in their duties would produce. An analysis of the actual allocation of staff time, on the other hand, should not only reveal automatically any under-employment, but should call attention to the relative expensiveness of the operations the staff are performing and suggest methods of using their time to greater advantage.

Measurement should have two objects in view—to set up standards of output on the one hand and to show what is actually happening on the other. It should enable the management to compare the performance of one employment unit with that of others of which the work and staff are similar, to compare the performance of a single

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unit at different times, and to check the performance of all units against an ideal standard. Moreover, it should provide a foundation on which a new standard can be built up if and when conditions change.

How far clerical work can be satisfactorily measured depends on the degree to which it is repetitive—how far, that is, the operations which are performed are similar in character and have the same value. It ranges, as we have seen, from manipulative operations on the one hand to discretionary treatment of paper cases on the other. Where the manipulative work involves the use of a machine, and the machine admits of a counting device, the recording of items against the time occupied is a simple matter. The practice of attaching such devices in itself proves that the desirability of measuring output, where it can be done easily, is generally recognised. Where the whole staff of a clerical unit is engaged on a single (non-mechanical but readily itemised) operation for the whole of its time, and the items are all of the same value (*e.g.*, ledger entries or preparation of invoices) the measurement of output is again a straightforward matter, though more costly since the counting of the items has to be done mentally. Difficulties begin to arise when (as in most cases) the work is not so homogeneous as this, and clerks in a single employment unit divide their time among a number of processes, with perhaps a collection of miscellaneous unclassifiable items filling up the odd moments of their day. A further complication may be that the items even where classifiable may differ among themselves in value. The greater the heterogeneity the greater the difficulty of measurement on any numerical basis, until we reach the level of individual workers such as secretaries, whose work is not susceptible of numerical measurement at all.

It will probably be most useful to confine these observations to the case where measurement is possible but not quite straightforward, so that it presents some problems of interest. I shall try to deal therefore with the large clerical unit employed on a number of related processes performed at different rates, most of the processes being applied to definite (countable) but varying numbers of items. An example is a savings bank, where clerks change over from making entries in ledgers to checking pass-books, calculating interest, etc.

If the total number of items handled were simply set against the total staff hours employed, the result might have a certain value to the management so long as the proportion in which the different classes of work entered into the total remained approximately the same. This, however, would be an exceptional state of affairs, and, generally speaking, some weighting would be necessary. In other words, it is not practicable to arrive at a standard for the whole without setting

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up separate standards for the parts. It will be best to consider first the most thorough and certain way of accomplishing this and then to consider whether any of the labour it involves is unnecessary.

The method in question is that of recording in detail the expenditure of each individual's time, under processes, setting against it the number of items handled in that process by the individual concerned (and weighting some of the items if their varying value makes this necessary). These separate records are then compiled to form a record for whatever period is desired of the total items and staff time for each process. The mechanism required is some kind of time-sheet for each clerk, made of course as simple as possible, odd minutes being rounded to multiples of five or even to decimal fractions of an hour. A time chart on which only a line need be drawn from point to point is easier for the recording clerk but more troublesome for the compiler. There may be other devices of a simple character which facilitate recording and compilation, but I know of none of which has been tested in actual use, and my own experience is confined to the simple daily time-sheet showing a list of processes with a column for the time to be shown against each. The compilation from such forms can readily be done with a comptometer. An independent check on the totals of the items for the whole employment unit is desirable if it can conveniently be provided. As regards the time entered, there is a safeguard against inaccuracy in the necessity for the whole of the working day, and no more, to be accounted for. In so far as it is not possible to classify the whole of the work into homogeneous processes, a "miscellaneous" entry has to be allowed, and this is a danger spot. The proportion the miscellaneous work may reasonably bear to the rest can however be ascertained by observation, and any marked deviation in a particular period or by a particular person is ground for inquiry. A rigid time allowance—unfortunately unavoidable—should be made to the clerk for the daily preparation of the record. All ineffective time should be excluded from the number of staff hours on which output rates are based. I mean by ineffective time, meal reliefs, sick absence, whether for the whole day or part of the day, and, of course, absence on ordinary leave. Idle time, *i.e.*, time spent on waiting for work, should however be included unless it is substantial and due to special causes, in which case it should be entered separately. The effect of its inclusion, either under the separate processes or as part of the "miscellaneous" time, is of course to pull down the output rate and give rise to inquiry.

A record and compilation on these lines should give the management an entirely adequate picture of how the staff time is actually employed. It also of course gives material for a reliable comparison

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of the work of individuals. Before we consider its usefulness as a means of establishing a standard, we might consider two almost equally satisfactory but less expensive methods of recording time which can be used in certain conditions. One is appropriate in cases where the time of individuals is allocated to certain processes in accordance with a normal timetable, and does not materially depart from that timetable from day to day, notwithstanding variations in the load of work. In such cases the normal individual timetables can form the basis of a normal allocation of time to processes for the whole employment unit, and only material deviations from the normal need be recorded. The other method is applicable where the staff are moved from job to job not as individuals but *en bloc* (as often happens for example on sorting work). A satisfactory record of staff hours available can in such circumstances often be maintained by the supervisors in charge of the particular processes. It may be quite easy to record that the staff employed on a process was five from 9 to 10 a.m., then twenty till noon, then ten till 1.30, and so on, while it would be impracticable to follow the time at which each individual clerk ceased one job and began another.

As regards the fixing of a standard, the complete recording of all disposition of staff time gives the *average* output actually reached, while the basic records give all the separate individual outputs. It will probably be found that many individuals work at rates considerably higher or lower than the average. The ideal standard for each process can either be arrived at empirically by selecting a rate, rather above the actual average, to which it is thought that the inferior workers can by appropriate methods be brought to attain, or it may be arrived at by job analysis methods, *i.e.*, investigating by observation and experiment with the aid of a stop-watch the time each particular operation should take if performed efficiently in conditions of steady employment. Personally I have some doubt, in view of (a) the difficulty in selecting suitable samples of work for testing, (b) the very great and probably inevitable diversity among the normal outputs of individuals, (c) the difficulty in allowing for transition time between items of work, whether the job analysis method can be so effectively applied to, clerical operations as to manipulative. The acceptance of the actual ascertained normal average as something below what is capable of being obtained, and the endeavour to improve it by close attention to the output of the weaker members of the staff and the elimination of unnecessary or cumbrous processes, coupled of course with the withdrawal of staff as and when the figures indicate that they can be dispensed with, seems to me the most hopeful line for the utilisation of output figures in relation to clerical work.



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The method I have outlined is, however, itself very expensive in clerical labour. It may be found that the time allowance necessary for making the individual record amounts to as much as ten minutes out of a seven-hour day, which means an appreciable addition to the number of clerks in a large employment unit. Having once set up his standards, the staff manager will begin to ask himself whether the detailed individual records on which he has relied for formulating them are really essential. If the general output is moving satisfactorily towards the standard which he regards as the ideal, that of the individual might be left to inspection and supervision without, except perhaps in special cases, the recording in detail of the disposition of his time. The manager will ask himself, in short, whether the staff hours he is employing in recording and compilation may not exceed the saving the records enable him to effect. If he decides that they do, it is open to him to fall back on a less laborious form of measurement based on the standards he has already set up. Each process, in accordance with those standards, has a time-value per item handled, and the miscellaneous time can be standardised. If, therefore, the total of items is available for each of the processes, the total time which should have been occupied can be calculated and the result compared with the total staff time actually utilised, as shown by staff records of numbers on duty less allowances for meal reliefs and temporary incapacity or withdrawal from work. Success in approaching the standard is then shown by the gain or loss in staff hours for the period as compared with the justified total.

So long as the work is unchanged in character this method of measuring clerical output will be found very satisfactory, if the comparison of items with staff hours is made at sufficiently frequent intervals, say, not less often than once a month, and totals are taken for sufficiently small employment units for the supervisors to be alive to all the circumstances which have affected the output of their staff during that period. I have found it rare in such circumstances for an appreciable loss or gain in time to fail to be covered by a convincing explanation.

When there is an alteration in the conditions of the work, or a modification in a particular process, it is of course necessary to set up a new standard. For this purpose, reversion to complete time-recording may be necessary, not only on that process, but on all the work of the day, in order to ensure accuracy. But this may not be necessary for more than a small section of the staff, which may thus serve as an experimental or research area for costings purposes. A section containing quick, average and inferior workers in about the proportion obtaining over the whole unit will usually give results

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which can be taken as representative for the unit as a whole, allowing for any stimulus given by the consciousness of taking part in an experiment.

The question of the presentation of the material obtained by keeping records of the type suggested is one for settlement in the light of the local circumstances. Where the work is stable in character, a graphical record of the staff hours actually used in relation to the staff hours justified will no doubt be useful. Some seasonal variation in the degree of conformity to standard is probably unavoidable, and this will be brought out by the graph. Where a particular process has changed in character and an effort is being made to fix or reach a new standard for its performance, a graphical record of the general rate attained on this process from week to week will probably be found necessary.

I have said little so far about the problems of measuring the work itself as distinct from the time expended on it. Generally speaking, it is necessary to rely on a manual and mental count of items, though where the documents relating to a process are entirely homogeneous, *e.g.*, dockets used as posting media for ledgers, or telephone tickets, a sufficiently accurate result for purposes of output measurement can be obtained either by weighing them in bundles or by running them through a counting machine.

One general reflection may be made in conclusion. The usefulness of measuring staff output consists in its furnishing material for *comparison*—comparison between units, between periods, between the ideal and the actual. This usefulness is of a cumulative kind and seldom seems so great in anticipation as it is found to be in actual practice. Reluctance among practical staff managers to set up the relatively expensive machinery necessary for accurate measurement is therefore to be expected. It is, however, balanced by their unwillingness to part with any portion of that machinery when they have once formed the habit of utilising it to the full.



# Measurement of Staff Output in Clerical Work

By MARION A. BILLS, *Assistant Secretary, Aetna Life Insurance Company*  
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[*Paper to be discussed at the Summer Conference of the Institute at Cambridge, 1937*]

THERE is, perhaps, no better way to introduce a discussion of office management than by a quotation from the man who for many years was an outstanding inspiration in that field. W. H. Leffingwell opened one chapter in his last book with the following paragraph:—

“It has been well said that the possibility of measurement is the beginning of all science, and the science of management is no exception. When management depends upon such unstable and indefinite things as offhand judgments, ‘hunches,’ and luck, there can be no science and but little progress; . . . but when results accomplished can be measured and compared with a definite standard, then and then only can science in management be said to appear. Until then there is no foundation upon which to construct a science.”

The question which arises before any measurement can be begun whether it be counting apples, estimating the length of a fence, or measuring clerical work is, “What are we measuring?” Or, in management, “What does the individual do?” For this reason thorough job descriptions and analyses provide the basis of all scientific management work. Ideas on preparing this analysis have changed. When scientific work in the clerical field was started twenty years ago, the filling out of a form containing many questions and allowing only a few lines for remarks was the recognised method. As the years have gone by it has been found that clerical work varies so in detail that the space for remarks has become larger and the questions fewer, until now, name and job identification are in most places the only part of the questionnaire remaining, and a running description of the job occupies the entire page or pages. It is recog-

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nised, however, that to form a basis for classification and method study, this description must cover three items: From whom the work is received, what is done at the given desk, and to whom the work is sent. At times it has been thought that a saving could be made by having each person write his own job description, but individuals differ so in their power of analysis and expression that making descriptions uniform has usually taken longer and is less satisfactory than to have a trained person obtain all of them through interviewing the person on the job. It might be said that in a not too technical department seven to ten persons a day is a fair number for an interviewer to cover. If several are doing exactly the same work, only one needs to be interviewed, and when jobs vary slightly, only differences may be noted instead of the entire job.

With definite, general, and detailed information as to what we are measuring, it is then possible to take the first step towards the actual work measurement program. This is the installation of a measure that has to do almost entirely with the quantity of work done and is a measure of departmental effectiveness, rather than individual effectiveness.

In almost every department there is some item or combination of items which provides a reasonably accurate measure of the amount of work done in that department. This may be the number of letters dictated, the number of orders received, the number of bills sent out or paid, or a combination of all of them, weighted in proper proportion; thus, a satisfactory unit of measure, whether a single item or a combination of a limited number of items, can usually be arrived from a careful review of the job analyses. A beginner in this type of standard setting or a person who is in very close touch with the detail work, often over-emphasises small miscellaneous items of work, which can generally be disregarded since they vary in proportion to the main items. At this point, differing from the setting of individual time records, a striving for too accurate detail, may so complicate the picture that its value is lost.

To calculate unit costs most companies have found it best to include only such costs as are directly controlled by the department manager, some restrict it to salary cost only. To arrive at the unit cost the total cost of the department is divided by the number of items. Since unit costs show trends only (it is seldom possible to make comparisons between companies) they must be kept for several years to be of value, previous years' figures being used to set up a unit cost for the coming year. If unit costs have not shown a satisfactory decrease, or have shown an increase during the past year, it is a danger signal, and should lead to the investigation first of methods and routines; and second, of individual effectiveness. The studies of methods are

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really putting job analyses into a different form involving the "to and from" parts of the description and resulting in the charting of the inter-relations of each operation, and the transfer of material from one clerk to another in order of sequence. Especially if you are picture-minded, flow or sequence charts of this kind often bring out more clearly than words, good and poor practices.

Every operation and transfer of papers listed on these flow charts must bear a searching investigation and justify itself on at least the following questions: Why should the work be done? Who should do the work? Where should the work be done?

All of the work on methods must, of course, be based on time study, but it can well be time studies of a less detailed nature than that of setting individual compensation. However, several companies in America have felt it was sufficiently accurate to warrant it as a basis for the payment of group bonuses. In general, with, however, many modifications, these operate as follows: For each department a unit cost is set up and any saving between estimated and actual unit cost for a given period, usually a year, is shared with the employees of the department. The proportion of saving shared runs from fifty to eighty per cent. The authors, never having been directly connected with this form of bonus setting, probably over-emphasise some of the difficulties which might arise. It has been our experience that with the introduction of scientific methods, cost can be reduced about thirty per cent. over a five-year period, and an additional ten per cent. during the next three years. After that a department does an excellent job if it holds costs stationary, unless some radical change is instituted by management. If each year's savings are reckoned with the previous year as a base, which is the formula used by some companies, what will happen after eight years? If, on the other hand, the base used remains the initial cost, will flexibility of transfer be hindered on account of the known difference in bonus rates between departments? However, incentives of this kind have been operating successfully for a number of years in both factories and offices.

A study of departmental effectiveness leads, very naturally, into a study of individual effectiveness. For this, the middle part of the job analysis or what is done at the desk must be studied the most thoroughly. At the present time the only method of measuring the work of about seventy-five per cent. of our clerical workers is a classification of their jobs and a rating by the supervisor. In about twenty-five per cent. time study has provided actual measurement of work and effectiveness.

Probably the most widely used classification in America at present is based on the general principle that for evaluating clerical jobs

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the number and kinds of decisions which a person has to make is the fundamental differential. The classification with its various modifications has been published many times. The last description and perhaps one of the best is found in Chapter XII of W. V. Bingham's "Aptitudes and Aptitude Testing,"<sup>1</sup> Rating schemes have varied from the simple checking of given items applying to an individual to the actual placings of individuals in rank order. One company has tried six rating schemes, and hope never dying, is now enthusiastically working on a seventh. General opinion would seem to be that any one is better than none; no one is wholly satisfactory. There is, however, one saving fact. When the rated and the rater are held constant, all systems seem to correlate with each other between .70 and .80, which means that the difference between the results of the various systems are neither large nor frequent.

An individual wage incentive plan, the most accurate available method of measuring individual clerk's performance, requires much more detailed time study than has been described previously. Beginning this work the job analyses may most profitably be used to indicate good starting points. We have found it well to begin in departments where a number of clerks are doing the same type of repetitive jobs, although later individual clerks, each doing several different kinds of work, can be included under the plan. Ultimately, it is possible that all jobs with decisions based on definite rules may be included, provided that the clerk can be more or less constantly supplied with work. It would, of course, be difficult to set up a plan for messengers, telephone operators, or stenographers, because their output is to a large extent governed by circumstances outside of their control.

In setting up a clerical or factory wage incentive plan, accuracy of rates is of the utmost importance. Every one agrees that the time study man should be sure that the person being timed understands his job, has acquired the necessary skill, and is doing the job by a "good" method. Here, rightly or wrongly, we slip a bit away from the requirements of "the one best method," of our more rigid time and motion study advocates, and allow for individual performance in arrangement of desks and work. However, every precaution is taken to have the rate as originally set up, represent speed of a satisfactory average employee, working at a pace that can reasonably be kept up continuously throughout the day, without undue fatigue.

In setting allowances for each type of work in our own company, there is a three-way approach: First, each operation making up the

<sup>1</sup> "Aptitudes and Aptitude Testing." W. V. Bingham, Harper & Brothers, New York.

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unit of work is timed individually; second, that time is compared as far as possible with corresponding times on other jobs; and third, an over-all time is taken for a number of units and checked with the individual unit time. To give a very simple example, the hand posting of a card in a numerical file. The time for locating the card in the file, for posting and for refiling the card, is individually taken, over enough cases so that the average tends to repeat itself. Each of these items is then compared with a time set from previous experience for similar operations. If this agrees or its differences can be explained, the total time per card is then calculated, and compared with the actual time taken to handle what would correspond to about a day's work. When all these are in fair agreement, the allowance is set. This method differs somewhat from that used in some other companies. In one company with longer experience in the field than ours the time is often set from an addition of unit times obtained on other jobs with no timing on the particular job under consideration.

The counting of work occasionally presents a complicated problem in setting up a clerical bonus, because the amount of work involved may not be directly proportional to the number of items, or there may be a choice of several items which may be counted. The item used for counting may also be chosen because it results in the work being done more thoroughly. As an example of this from our own company, the work of pulling cards over five years old from a large file was to be put on a wage incentive plan. The time required for this work was directly proportional to the number of cards inspected, but this would be a difficult base for counting, and there would be no assurance that each card was being and would be carefully inspected. The number of drawers inspected would give a fair indication of the amount of work and would be easy to count, but there still would be no assurance that work was being done thoroughly. The item selected for counting was the number of cards pulled from file. These cards were turned over to the supervisor for credit. The supervisor made a quick inspection to make sure they were all old cards, measured the thickness of the bundle of cards with a ruler to obtain the number of cards in the bundle, credited the individual's account, and then destroyed them. Incidentally, when this work was studied for bonus, the pulling work was two years behind, and the cabinets were filled to capacity. Within three months after the work was put on bonus and with the same number of clerks, the work was brought up to date and the need for new cabinets removed.

Most companies install measured production first in typing departments, probably because of the ease in record keeping. Typing work can be counted by the use of stroke counters or by counting lines, square inches, or number of forms completed. The stroke counter

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is the most accurate measure of the amount of work involved, but close supervision of the work is required to prevent credit for work which may have been partially completed and then destroyed because of errors. A line count has been found sufficiently accurate in some companies. This method has the advantage of a brief review of the work by the supervisor making the count, and operators can be required to do over work which does not come up to the required standards of neatness and accuracy.

The next department to which companies generally look as a fruitful field for introducing production records are file departments. Here, however, a special difficulty has to be met and overcome. This is the variation in unit times for different sized bundles of work. One minute might be a reasonable time for pulling single items in a large file, but one-third of a minute might be sufficient if items were pulled in lots of a hundred, because of the possibility of pulling more than one item from one file drawer and the reduced amount of walking and opening and shutting of drawers. The sorting of papers into exact alphabetical or numerical order works reversely. Few can be completed quickly, but the unit time required increases with the number done at once.

The simpler illustrations have been given because they have a more universal application, but it is a definite mistake to feel that measured production must stop with the simpler clerical jobs. It can and has been successfully applied to innumerable types of complicated work.

One mistake which we made in the beginning on establishing our extra wage incentive plan and one which by conversation with others we judge is not uncommon, is the keeping of inadequate records. We have, therefore, made the following rules, which, with the reasons for them, may be of interest:—

First, the record must show the number of clerks doing the work, the average number of items done per day, week or month, and the average number done at a time. A change in any of these items might change the time required to do the work.

Second, the record must show how work is to be counted. It has been found permissible for clerks to count their own work if the weekly or monthly total can be approximately checked in another point in the routine, or if the actual finished work is kept on file and a periodic check can be made.

Third, it must show how errors in the work are caught, and the penalties which apply. Errors caught in the same department are usually considered the least serious. Those caught in another department next, and those caught outside of the office most serious. If there is a chance that an error will not be caught, those caught must



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be weighted. Clerks understand that the company reserves the right to change penalties for errors if necessary to keep work up to the required standard of accuracy.

Fourth, equipment and material must be described in detail on the records, so that the allowance can be reviewed when a change in machines or forms is made.

Fifth, there must be a detailed list of operations involved in the job and a separate time allowance for each whenever possible. With this record, additional timings are seldom necessary when one or more operations are discontinued, and adjustment work is usually simplified when operations are added.

Sixth, the records must be dated and signed.

After production allowances have been set up we have found it advantageous to have a trial period when the number of items completed and the time on measured production is carefully kept. This serves as an aid in deciding whether allowances are accurate and in determining the supervisor's attitude towards the keeping of records.

If conditions are then satisfactory we make it a point to explain the entire bonus plan to the clerks in sufficient detail so that they can figure their own records. The payment on this plan is entirely separate and in addition to salary, and errors penalties are deducted only from bonus earned. Individuals on a wage incentive plan are just as eligible for salary increases as before. This is different from at least one other company where the point at which bonuses start depends on the salary.

On the average, bonus has resulted in about a thirty per cent. decrease in the number of clerks required (it is not the practice of the company to discharge clerks for this reason but to transfer the less efficient into other divisions) and an increase of about twenty per cent. in the earnings of the remaining clerks. The trend of unit costs in departments with incentive payments has been more favourable than in departments without bonuses. We are often asked, "Does the clerk like being on measured production?" Usually, yes. Over and above an average addition of twenty per cent. to the pay which every one appreciates, it does add a type of interest to routine work. There is some competition between clerks and a definite competitiveness against one's own score. Also, it is often a satisfaction to the people who are making a fair efficiency record, that they are doing a good job, and that there is no one who can gainsay them. Occasionally we find a person who is of a temperament that any kind of check-up, any kind of measurement, annoys. This kind of person, if he is really doing a fairly good job, can usually be taken care of by shifting to another type of work where there is no record of produc-

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tion. This has happened only a few times in the ten years that we have used measured production.

We have tried in this paper to outline some of those parts of management which may be called scientific since they are based on measurement. Perhaps a hundred firms in America are carrying out a fairly complete programme along these lines. Probably five times as many are doing some part of the work. If one can judge from inquiries received within the last two years, many times this number are interested. Measurement is appearing on practically every programme of such organisations as the American Management Association and the Life Office Management Association. Probably the best argument for it is that it aids management in making an equitable distribution of wages.



# Problems of a Local Authority in an Industrially Distressed Area<sup>1</sup> (Lancashire)

By D. N. CHESTER

[*Paper to be discussed at the Summer Conference of the Institute of Public Administration, Cambridge, 1937*]

THE problems which harass the depressed area local authority are legion, and the job of being a councillor or official in a prosperous town such as Coventry or Eastbourne is a sinecure compared with holding a similar position in a depressed town such as Wigan or Workington. On the one hand, there is the group of problems associated with the local authority being crushed between the millstones of falling rateable value and rising expenditure. On the other hand, there is the incessant demand for the local authority to try to attract new industries to the area.

The first aspect has received a good deal of publicity in recent years and therefore a single striking example of the catastrophic effect that industrial depression may have on a local authority's finances will suffice. In West Cumberland the rateable value of the two municipal boroughs and seven urban districts fell from £645,000 in 1921 to £437,000 in 1922 consequent upon the slump in the mining and iron and steel industries. This rapid fall has since been followed by a slow but steady trend downwards. Furthermore, the real fall in rate income is even greater than indicated because of the loss of rates due to empty property and irrecoverable arrears.

In face of such a situation, which is common to all depressed areas, it is clear that the local authority must consider means of reducing expenditure. But notwithstanding the fact that the population of the

<sup>1</sup> This paper is based on the studies made by the author, of the relations between local authorities and industrial activity as part of the Industrial Survey of Lancashire (excluding Merseyside), 1932; the Industrial Survey of Cumberland and Furness, 1933; and Readjustment in Lancashire, 1936. Lancashire is not regarded by the Government as being a depressed area, and taking the area as a whole, this view is correct, but there are in the county certain areas in which the extent of unemployment is equal to, if not greater than, the extent in the parts of Great Britain which have been labelled Distressed or Special Areas.

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area will be declining<sup>2</sup> there is considerable difficulty in cutting local authority costs. Certain expenditure, of course, definitely increases during times of depression. Other expenditure, *e.g.*, on interest and debt charges, which may amount to 15 to 20 per cent. of the local authority's expenditure, is only capable of being reduced over the long period. And, in the case of all local authority services, there is a considerable time lag between the decline in prosperity and population and the consequent saving on expenditure. The number of people living in a street may fall considerably but still the street has to be lit, cleansed, maintained and policed. Hence there must inevitably be a period of maladjustment whilst a local authority is declining.

The series of post-war slumps with the resulting problem of the poor local authority has coloured a good deal of thinking on the reform of local government. The move towards larger areas of local administration partly arises from a desire to spread the burden of charge. The abolition of the boards of guardians and the transfer of their functions to the county and county borough councils has spread the burden of the heavy expenditure on public assistance in all cases except in some of the county boroughs. The review of county districts has also been used to spread more evenly peculiar local burdens. In Cumberland, for example, as a result of the review the number of county districts has been reduced from 23 to 13, the number of urban districts being reduced by eight. The taking over of part of the expense of the able-bodied unemployed by the Unemployment Assistance Board has also had the effect of reducing a local burden directly related to industrial activity.

An alternative method of spreading the burden of charge has come about through a development in the technique of the grant-in-aid as a result of which certain government grants have become more closely related to local needs. Whilst some local authorities may think they are not yet getting enough, in general, the Block Grant formula under the Local Government Act of 1929 has achieved a good deal by way of increasing the revenue at the disposal of local authorities in depressed areas. The recent change whereby the factor of unemployment has been given greater weight has increased the share of the depressed areas. They are thus enabled either to reduce their rates or to increase the standards of their services. The formula seems destined to increase in importance, for already it has been used as

<sup>2</sup> So much thought has been given recently to the possibilities of a general decline in population that little attention has been paid to the actual decline which is taking place in the depressed towns. More important than the numerical decline is the fact that it is the younger and more active people who are migrating from these areas, leaving the town with a high proportion of elderly people whose capacity for work has been seriously diminished by age and long periods of unemployment.

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the basis for two grants-in-aid outside the Block Grant arrangement. The recent grant under the Midwives Act, 1936, is one of these, but the other, the grant made by the Minister of Transport for major highway improvements and the construction of new highways, is more important. For the purpose of this grant county and county borough councils have been divided into three classes, the classification being based on the ratio between the actual population and the weighted population as ascertained by the Block Grant formula. As a result a depressed county such as Cumberland is in Group A and qualifies for an 85 per cent. grant, whilst prosperous Middlesex is in Group C and only qualifies for a 75 per cent. grant. It may be noted in passing that this attempt to adapt the grant to the needs of the different local authorities goes a long way towards removing the objections to the percentage grant.

There are two main problems connected with this changing of the emphasis in the bases for grant-in-aid distribution. The first is that the needy local authorities which obtain an especially large portion of Government money may find themselves under far stricter control than other local authorities. Certainly they have not the independence which comes from richness of resources, so that the idea of defying Parliament and a government department by rebuilding Waterloo Bridge without a grant is possible in the case of the London County Council but not in the case of a Hindley or a Workington. In the case of these depressed towns their financial circumstances not only make a grant vitally necessary but, more important, demand an unusually large grant. It seems clear that the larger the share of any town's local expenditure paid by the Government the greater the controlling interest of the government department in that town's finances and services. Thus there is the problem which faces every depressed local authority—the problem of how to reconcile the cap-in-hand attitude with the maintenance of a healthy and vigorous independence.

The second problem connected with this new weight given to needs in the distribution of government money is much wider and is often beyond the capacity of the local authority to determine. The problem is the relation between the preservation of the social services in a depressed area and its general industrial future. There has been some talk of the transfer of the population from certain of the depressed towns to more prosperous areas. This solution seems particularly sensible in respect of mining areas in which the mines have been worked out. Whilst the trouble of closed mines is the cause of most of the distress in the Wigan area the closing down of the area has not been seriously suggested, mainly because of its proximity to areas of

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varied industrial activity. But in the case of West Cumberland, with its isolated and derelict mining towns, the suggested solution of an orderly arranged retreat has seriously to be considered. Thus the problem is to decide whether such an area should be bolstered up by means of very high Government grants or whether it would not be better to regard such a place as being beyond the scope of grant amelioratives and as requiring closing down. Just as the highway grants policy between 1923 and 1929 kept an outdated highway authority structure from crumbling, so may the present large grants to needy areas be merely putting off the day of decision. Clearly, however, this decision is beyond the powers (or desires) of the local authority. So far, central control of local authorities has been concerned mainly with the progressive development of local services. It may well be that in respect of certain local authorities central control will have to evolve a new technique, so that as an area declines its local services will have to be correspondingly reduced, but not so as to cause unnecessary hardship.

Notwithstanding this greater attention to the need factor in the distribution of government money, depressed local authorities still have many financial worries. If it is difficult to reduce expenditure perhaps it is less difficult to increase revenue by inducing new firms to come to their area—a step which, if successful, would also probably reduce certain items of expenditure. Thus, in the depressed areas, the local authorities have a new function to perform. Not only must the local council act as midwife, teacher and possibly undertaker, it must now, in addition, be the provider of employment, even if it cannot be the employer itself in every case—and in many towns it is the largest employer.

The depressed local authority tries to attract new industries in two ways. First, there are advertisements and other publicity methods of bringing the advantages of the area to the notice of the industrialist. When this publicity takes the form of brochures and town guides it may be issued with little or no outlay to the local authority, payments received for advertising matter covering most, or all, of the cost. Under the Local Authorities (Publicity) Act, 1931, boroughs and urban districts have the power to contribute up to a halfpenny rate to any organisation, approved by the Minister of Health, established for collecting and collating information in regard to the amenities and advantages of the British Isles, or any part thereof, and for disseminating that information outside the British Isles. The Travel and Industrial Development Association of Great Britain and Ireland is the authority sanctioned by the Minister. In Lancashire the majority of the urban authorities contribute to the Lancashire Industrial

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Development Council on the basis of approximately one-twelfth of a penny in the £ rate. In addition, many towns have their own development committee, mainly because it is felt, at least by the smaller local authorities, that their case is not sufficiently considered by the large general organisation.

Assuming this advertising is successful in producing inquiries (nowadays there is so much competitive advertising between different areas that much of it must be nullified) the local authority's problems are only really beginning. It must start the delicate task of inducing the inquirer to set up his factory in the area. There are various ways in which the local authority may help the firm to choose a site. Many local authorities keep a list of vacant sites and buildings. As the supplier of water and possibly gas and electricity, the local authority is in the position to discuss the cost, etc., of these services with the industrialist. And at many other points the local authority comes into negotiation with the inquiring industrialist—questions of housing of workpeople, river pollution and sewage disposal may arise at any time in the discussions. Even the difference in the strictness of building regulations between different authorities may be an inducement to the industrialist.

In its dealings with the industrialist the local authority will naturally be as helpful as possible. Much will, of course, depend on the energy of the council and its chief officers, on the intensity of the desire for new firms and on the importance of the firm inquiring. But undoubtedly at some time or other the local authority will find itself faced with the problem of whether to go a little beyond its powers, as strictly interpreted, and give a little extra help. The extra help most usually heard of is the reduction of the rating assessment of the factory, but many inquiries in Lancashire did not reveal any case where this has occurred. The recent stressing of the need for the uniformity in valuation and the administrative machinery established by the Rating and Valuation Act of 1925 may have made it difficult for unduly low assessments to be made. Nevertheless, it is not impossible for this to occur, and since there is always room for a difference of opinion in the value of factory buildings, the lower value limit would probably be accepted without question.

Another form of special treatment may be favourable terms for electricity, gas and water, where the local authority is the supplier. Here, however, it is often hard to decide whether the special terms are based on special conditions of demand (quantity, time and diversity) or whether they are unfair discrimination and therefore illegal. In another instance the local authority may have some land in its possession or may be able to exert some influence over the owner

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of some property and so the industrialist is accommodated at a cheap rent. In most of the cases where special help has been given it would be very difficult to prove that the local authority has acted illegally, but there have been indications that some Lancashire towns have at least been prepared to interpret the law liberally.

In a few cases the local authority has been granted special powers by Parliament. For example, the Manchester Corporation (General Powers) Act of 1930<sup>3</sup> enables the Corporation to lend money for the construction of factories on lands owned by the Corporation at Wythenshawe. The Act fixes a maximum period of 30 years and an interest rate of not less than 5 per cent., but the latter has been modified by the Minister of Health, and certain advances have been made at 4½ per cent. The advance is generally fixed at two-thirds the cost of the building and the repayment period is usually 15 years. The power has not been widely advertised by the Corporation and so far has been used in only seven cases, the object being the establishment of light industries in Manchester's rapidly growing satellite town.

It is questionable whether all this competition for the industrialist's favours is in the interest of either the local authority or the nation. The attitude of the Ministry of Health in the matter is best seen in a quotation from the Annual Report for 1925-26.

"From time to time proposals are made to the Department by local authorities with the object of attracting industries to settle in their districts. They sometimes take the form of suggestions for preferential rating, which the Minister is advised is illegal. Other proposals have been made for conveying land vested in the local authority to a factory at less than its market value. Apart from doubts as to the legality of such action, the Department takes the view that it is not in the national interest that local authorities should enter into competition with one another in this way."<sup>4</sup>

It is an interesting position, though not without parallel, that local authorities are developing a new function long before the central authority has shown itself willing to tackle the problem. The position has additional interest because the attempt to influence the location of industry is clearly a function for which the local authority area is far too small. The influencing of industrial prosperity and location is surely a matter of national concern, for the local authority is at the mercy of factors generally arising well outside its sphere of influence. No Lancashire local authority can hope to influence Japanese competition in the world textile market; an unfortunate national dispute

<sup>3</sup> The power was first obtained by Croydon in 1927.

<sup>4</sup> Ministry of Health. Seventh Annual Report, p. 86.



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with the Irish Free State was very detrimental to the prosperity of West Cumberland; even the rationalisation of a particular industry may affect a local authority's prosperity. It seems clear that some national authority should be available to advise and guide local authorities in their problem of attracting new industries. But so far no Government has been willing to undertake this duty. The decisions such an authority would have to make might sometimes result in some depressed local authorities being refused the right to attempt to attract new industries because it had been decided to allow these areas to fall back into non-industrial uses. Clearly it involves the acceptance of something approximating to national industrial planning; but local authorities, especially in depressed areas, have been trying to do this sort of thing in their own favour for some time, and no doubt history will repeat itself and the central government will one day accept yet another function.

There has been a good deal of talk at various times about a public works programme for the depressed areas. Since the Unemployment Grants Committee was abolished in 1931 there has been little or no general government encouragement of public works. But in the case of certain Special Areas money has been available for work approved by the Special Area Commissioner and not subject to grants in the ordinary way from government departments. The delineation of the boundaries of these Special Areas reflects no credit on the Ministry of Labour. Having at its disposal not only the surveys made by certain Universities in 1931 and by special government investigators in 1934, and the whole mass of unemployment figures collected by the Ministry of Labour, the government made many questionable decisions as to what should be regarded as Special Areas. Thus, Glasgow and Middlesbrough were excluded, even though the percentage of unemployed in these towns was higher than in Newcastle-on-Tyne, which was included. Certain parts of Lancashire were also unfortunately overlooked in the hurried and haphazard decision. It is true that the percentage of unemployed in industrial Lancashire in 1934 was only 19.6 per cent. as against 16.4 per cent. in Great Britain, but this average figure masked the unemployment percentage of around 26 per cent. in the weaving and mining district, whilst individual towns in these areas showed even higher percentages. They were therefore not much below the unemployment rate in the Special Areas of South-West Scotland and Durham and Tyneside. Now it is possible that from the standpoint of attracting new industries it may be detrimental to be labelled a Special Area. But from the standpoint of a local authority which wants to use public works expenditure as a means of reducing unemployment, it may be very important to have

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such a label, for the Commissioners have money available for this purpose. Inquiries in Lancashire did not reveal a great volume of suitable public works being held up for want of money. By suitable is meant work which will employ a large number of unskilled men or men of the type unemployed in the area. During the last few years of the Unemployment Grants Committee many local authorities found it increasingly difficult to find work of this type. Of course, providing the grant is high enough, local authorities will generally find some way of spending it, but much of the work they wish to carry out involves building and constructional work, in which trades there is a shortage of workers. Another class of work which often requires doing is the widening of the main thoroughfares, but here, because of property acquisition, compensation, etc., the cost of the scheme would be high and yet would produce only a comparatively small amount of employment.

An example from Lancashire of a desirable and suitable public work, deserving of some central assistance, but which has had this help withheld because of the rigidity so far given to the none-too-scientifically defined Special Area boundaries is the case of Wigan. Part of the area around Wigan is marred by the presence of slag-heaps and flashes. These are without doubt unsightly and in addition waste hundreds of acres of land. The flashes are often comparatively shallow and are caused by subsidences due to mining operations. The duty of keeping the area drained is partly the responsibility of the two Catchment Boards for the district, and though their activities will result in part of the areas being drained, a considerable area, especially the deeper parts of the flashes, still remains. Wigan Corporation has for some time been proposing to buy an area of about 50 acres of pit heaps and flashes. Stated simply, the scheme involves the removal of the heaps and the filling up of the flashes. It is the type of work very suitable for the unemployed miner. There are about 7,000 wholly unemployed miners in the Lancashire mining area, of whom about 50 per cent. have been unemployed continuously for a year or more, in many cases four years. The finances of the Corporation are such, however, that they were unable to bear the whole cost of the scheme and therefore asked for a government grant. The Minister of Labour replied that he had no power to make a grant towards the work. Had Wigan been in a Special Area, however, the Commissioner would undoubtedly have given a substantial grant towards the cost of the scheme.

One final comment will suffice to complete this paper. It is clear that the local authorities in the depressed areas are very unfavourably placed for helping themselves and that the main assistance must come



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from the central authority. Unfortunately, the people who administer this central authority live and work in a very prosperous area. Wherever they move in the Home Counties they find the prevailing idea that "all's right with the world." They would in fact have to travel at least 100 miles from London before they began to suspect that there were other worlds. It is true that they see reports and they have an inspectorate for their eyes and ears. But figures and reports, even when read, are seldom inspiring and may evoke merely an academic sympathy when a first-hand knowledge of the same facts would arouse determination and action. No native of the County Palatine envies London nor would wish to change Lancashire for it. Nevertheless it is unfortunate that certain parts of this very independent county should find itself becoming more dependent upon the decisions and help of an area which through lack of contact with the suffering and problems of industrial depression is either unaware or apathetic.

# Problems of a Local Authority in an Industrially Distressed Area (Glasgow)

By J. S. COVENTRY, D.P.A.

[*Paper to be discussed at the Summer Conference of the Institute of Public Administration, Cambridge, 1937*]

DISCUSSION of this subject, to be realistic, must be conducted with certain generalisations always in mind. Those generalisations may be familiar, especially to those persons who have studied social economics, but some repetition is necessary and desirable.

The first is that what constitutes an industrially distressed area is a matter of opinion. Distress, it may be imagined, is patent to all, but this is not so. For example, the Corporation of Glasgow, the Glasgow Chamber of Commerce, and various other bodies, including, apparently, the Institute of Public Administration, are united in acclaiming Glasgow's distress. The Government, so far, is of the other opinion. Obviously, then, some areas which have not been scheduled as, to use the euphemistic official adjective, "special," are no better off than those which have obtained such recognition. That this is true of Glasgow will be apparent in due course.

The second generalisation is that the distress is a local and acute expression of a general economic condition. The distressed area is not, in other words, a place apart. Its difficulties are due to the geographical development of certain industries whose prosperity depends on the condition of national and international markets. Local authorities have no more control over those economic forces than they have over the weather. The difficulties of distressed local authorities are, in substance, the same as those of distressed individuals. Certain obligations must be met but the necessary economic resources are not available.

In the title of his paper, "Administrative Problem of a Distressed Area" (PUBLIC ADMINISTRATION, July, 1935), the Right Hon. Kenneth Lindsay implicitly expresses our third generalisation, which is, that the problems of a distressed local authority are administrative.

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It may be argued, of course, that this is true of all local authorities. It is. What distinguishes the distressed local authority from others is that its problems are so much more difficult of solution because of the operation of those economic forces.

I have stressed those seemingly obvious principles because, even among persons who ought to know better, there is a tendency to regard a distressed area or authority as existing in a vacuum, as being unrelated to the general and fundamental economic problem, or as being a complete disease instead of a mere symptom.

All that has been said up to this point is true of Glasgow. In giving a detailed description of conditions in the Second City (with due apologies to the other Second Cities) there is one great difficulty, that of deciding what to select, and what to leave out, of an immense volume of facts. It is necessary to mention this by way of explanation of and apology for the scrappy nature of what follows.

As will be inferred from the general statement with which this paper commenced, Glasgow's problems are of the same nature as those of any other local authority (except, of course, the problem of reconciling its depressed condition with the distressingly optimistic opinion held by the Central Government). In Glasgow, as in other places, there are many industries whose prosperity depends on the state of the world markets, for shipbuilding and heavy engineering works are densely grouped in and about Glasgow. If unemployment in Glasgow was due only to the condition of concerns operating within the city boundaries the position would not be so serious from the local authority's point of view. Many citizens, however, found employment in the shipbuilding yards farther down the Clyde and in other concerns in the counties of Lanark, Renfrew, etc., and depression is no respecter of local authorities. Glasgow's unemployed citizens, therefore, consist not only of those who normally find employment within the city but also of a large number whose normal employment is located in the areas of other local authorities. So far as can be ascertained, this tendency exists to a greater degree in Glasgow than in any other city. The result has been, as the statistics will show, that certain manifestations of depression have been intensified to a startling degree.

A further difficulty emerges when an attempt is made to give a more detailed description. It is this, that depression is not only a question of place but of time. One has to decide whether to describe conditions at their worst, as in 1934, or as they are at the present moment, when there is a slight, not to say sinister, revival. The selection of facts finally resolved on is a random one, determined by the following statement. The upward movements of the trade cycle

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these last eighteen years have never been so great as the downward ones. In each new period of prosperity there are as many unemployed as in the slump before the last. Coupled with this we have the statements of Sir William Beveridge and others as to the inevitability and unprecedented severity of the next depression. In the interests of accuracy, therefore, it is necessary to cover as large a period as the nature of a paper for discussion will permit. Statistics do not provide the best material for discussion, or even for reading, but without them it would be impossible properly to appreciate conditions in Glasgow. The reader will find that even when expressed statistically, the conditions are startling.

The estimated population of Glasgow is 1,123,541 (M.O.H. Report, 1935). The number of houses in Glasgow surveyed under the Housing (Scotland) Act, 1935, was 257,421, of which 146,819 or 57 per cent. were of one and two apartments. These housing statistics are mentioned because they indicate roughly, but vividly, the economic and social conditions of a great number of our citizens. According to the same survey 31.2 per cent. or 82,109 families were found to be overcrowded. This problem is one which even the richest local authority would find difficult of solution.

Direct distress is best shown by unemployment and public assistance statistics.

### *Number of Registered Unemployed.*

			Percentage of insured population.
15th January, 1934	...	127,000	30
15th March, 1937	...	86,124	18

It is an indication, among other things, of the rate at which industry is being mechanised when we find that 86,000 people are unemployed at a time when most concerns are working to capacity.

The following table shows the percentage of insured population unemployed in certain towns on February of the years mentioned. Over the four dates, Jarrow only is worse, and that substantially, than Glasgow (Monthly Unemployment Index):—

		1933	1934	1936	1937
Glasgow	...	33.1	30.9	23.3	19.0
Durham	...	34.3	27.9	21.7	16.6
Jarrow	...	78.5	74.5	41.2	34.2
Liverpool	...	30.9	29.0	26.3	22.7
Manchester	...	17.7	15.1	12.5	10.1
Greater London	...	14.4	10.6	9.8	7.3
Newcastle-on-Tyne	...	30.4	25.5	21.3	15.9
Birmingham	...	15.5	8.8	7.0	4.2

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A more direct burden on the local authority is that of public assistance. In this respect, so far as can be ascertained, Glasgow's burden seems to be greater than that of any other local authority. The following figures are extracted from the *Ministry of Labour Gazette*, February, 1937.

Rate per 10,000 of estimated population in receipt of Poor Relief in one day in January, 1937:—

<i>Town</i>	<i>Rate per 10,000</i>
Glasgow ... ..	1,378
Liverpool ... ..	1,085
Sunderland ... ..	866
Gateshead... ..	787
Sheffield ... ..	722
Norwich ... ..	704

According to the *Ministry of Labour Gazette* these towns appear to have the highest rates per ten thousand of all the places mentioned. Would it be flippant to remind the Conference that Glasgow has not yet been scheduled as a "special area" ?

\* The graph, extracted from the Public Assistance Department's "Statistics" for the year to 31st May, 1936, shows the rate per ten thousand of population in receipt of poor relief for certain cities over the six years from June, 1930. Conditions in some of those cities will be familiar to most members of Conference.

It will be seen that at 31st May, 1936, the rate per ten thousand for Glasgow was 1,385. In January of this year it was 1,378, a very slight improvement. At the former date, the total number of persons chargeable, including those receiving Indoor Hospital Treatment, etc., was 161,889 or 14.86 per cent. of the estimated population.

The following table shows the long-period increase of public assistance burdens:—

	<i>Total</i>	
	<i>No. of Persons</i>	<i>Estimated</i>
<i>Expenditure.</i>	<i>Chargeable.</i>	<i>Population.</i>
16th May, 1930...	£1,606,365	61,495
31st May, 1936...	3,847,274	161,889
	<hr/>	<hr/>
	£2,240,909	100,394
	Increase	37,179
	<hr/>	<hr/>
		Decrease

It is evident that, while population has decreased slightly, the burden of public assistance has increased tremendously.

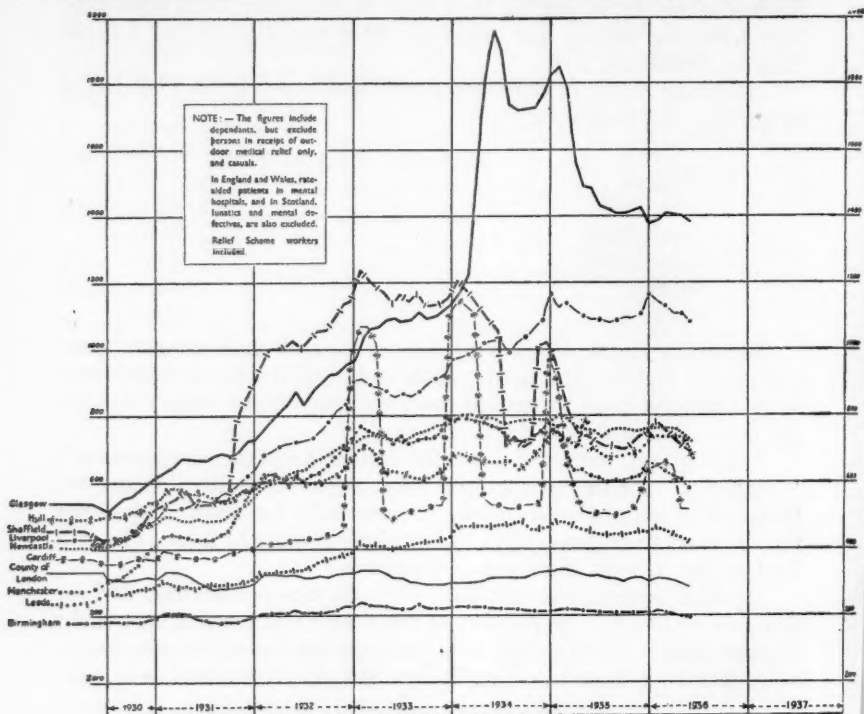
It seems advisable to examine the question of expenditure in more detail and, the year to 31st May, 1936, is most suitable for this purpose.

\* See next page.

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**POOR RELIEF (Ordinary and Able-Bodied)**  
(Includes Outdoor and Indoor)  
(Ministry of Labour Gazette Returns)

Rate per 10,000 of estimated population in receipt of relief on one day in each month. (End of month for England and Wales, 15th day of month for Scotland.)



The expenditure was £3,847,274 as shown in the immediately foregoing table.

Expenditure on Lunacy Account is not included in this amount. The Government's contribution under the Unemployment Assistance (Temporary Provisions) Acts, 1935 and 1936, amounted to £966,964, and ordinary revenue amounted to £181,075. The ratepayers had to find £2,699,205 (estimate for 1936-37, £2,772,537), less the amount of Exchequer Grants, equal to a rate of 4/10.49 per £ out of a total rate of 13/6.26 per £. Public Assistance costs, in other words, accounted for more than one-third of the total rate.

The expenditure on Public Assistance (£2,699,205) exceeded the estimate (£2,559,066) by £140,139. In spite of economies in other directions, the Corporation finished the year with a general deficit on Rates Account of £93,810.

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The corresponding estimate for the year 1936-37 is £2,599,812 as against £2,559,066 for last year, an increase of £40,746. It is expected that this estimate, which is 29.68 per cent. of the estimated Net Rate and Grant Borne Expenditure, will be exceeded.

The Graph on the next page, in columnar form, shows what relation Public Assistance bears to other branches of expenditure. It is accompanied by Tables showing the estimated expenditure in all branches for the years 1935-36 and 1936-37.

So far we have been concerned with expenditure. There is another problem of which we hear very little, the problem of collection of revenue in adverse circumstances. This may sound familiar when expressed as the problem of the "burden of rates." Mass unemployment increases public assistance and public health costs and at the same time reduces the ability of ratepayers of all classes, but more particularly of the poorer classes, to pay their rates and charges.

It is well known, of course, that under any circumstances the present system of local rating is restrictive of taxable capacity, and this is intensified by industrial distress.

The system operates so as to absorb a greater proportion of low than of high incomes. This is illustrated in the following Table for certain districts in and about Glasgow at a time when rates were much lower than they are to-day. ("Incidence of Local Rating on Housing and on Industry in the Clyde Valley," by Surveyors' Institution, assisted by Messrs. J. Cunnison and D. T. Jack.)

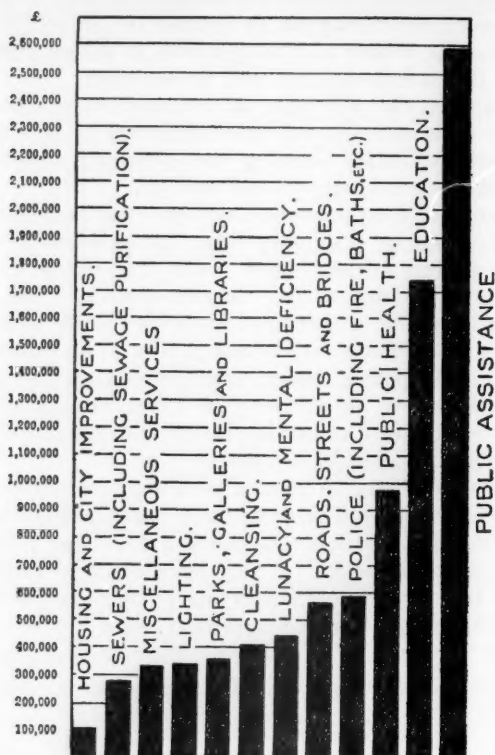
*Average of Rates (Owners and Occupiers) as a Percentage of Family Income.*

Income Group Weekly	Clydebank	Port Glasgow	Ander- ston	Govan	Spring- burn	General
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Under 40s. ...	12.8	12.8	8.3	12.4	16.4	11.5
40s. and under 80s. ...	7.5	7.3	4.1	8.2	7.1	6.8
80s. and over ...	5.1	4.8	3.0	5.6	3.6	4.6

In the absence of adequate information it is impossible to estimate how far this tendency has been strengthened by the increases in rates during the past ten years. It will be realised, however, that on such a regressive basis the local authority must find it progressively difficult to obtain greater and greater sums from the poorer class of ratepayers. It should be remembered, too, that this class which bears the greatest proportionate burden is the one which suffers most from unemployment.



**ESTIMATED NET RATE AND GRANT BORNE EXPENDITURE FALLING TO BE MET  
ON THE UNDERNOTED BRANCHES OF ACCOUNT.**



Previous Year's  
Estimate (1935-36).

%							
30-11	£2,559,066	Public Assistance	...	...	...	...	...
19-99	1,698,963	Education	...	...	...	...	...
10-27	872,972	Public Health	...	...	...	...	...
		Police (including Fire Prevention, Baths, and In-	...	...	...	...	...
6-86	582,935	spection of Weights and Measures, &c.)	...	...	...	...	...
6-55	557,030	Roads, Streets, and Bridges	...	...	...	...	...
4-52	383,702	Lunacy and Mental Deficiency	...	...	...	...	...
4-79	406,652	Cleansing	...	...	...	...	...
4-05	345,493	Parks, Galleries, and Libraries	...	...	...	...	...
3-90	331,032	Lighting	...	...	...	...	...
3-27	278,308	Sewers, including Sewage Purification Works	...	...	...	...	...
1-81	153,823	Housing and City Improvements	...	...	...	...	...
3-88	328,567	Miscellaneous Services	...	...	...	...	...

100-00    £8,498,543

Year 1936-37.

%	
29-68	£2,599,812
20-01	1,752,648
11-28	987,743
6-77	593,057
6-41	561,243
5-11	448,003
4-65	407,162
4-00	350,578
3-82	334,273
3-20	280,564
1-28	112,443
3-79	331,994

100-00    £8,759,520

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It will be obvious that as depression increases, or as rates rise, the time lag between demand and payment becomes longer. This is a more serious condition than a casual inquirer may think, for it necessitates increased short-term borrowing. To the cost of this borrowing must be added the greater proportion of rates which cannot be recovered because of poverty or absolute inability to pay.

The local authority at a time when lenience is desirable must become more exacting in its demands. The result of this necessity is probably the most unpleasant contact which individual ratepayers may have with the local authority.

The difficulty of collection of revenue is increased, too, by bankruptcies among commercial and industrial concerns. In a place like Glasgow this loss may be considerable notwithstanding the preference in bankruptcy which is accorded to local rates.

In short, the absolute irrelevance of the present local rating system to ability intensifies the difficulties of the distressed local authority to an unknown degree.

In the course of this brief and harrowing discussion I have tried to show, very incompletely, however, the extent and nature of the economic problem which confronts Glasgow Corporation when framing its annual estimates. It is true that Glasgow is an extreme case but, I feel bound to repeat, its problems differ only in degree from those of other local authorities. The difference depends mainly on the taxable capacity of the Authority and the demands made upon that capacity.

Can local authorities, as at present constituted, provide any solution to their own problems? Probably not. Even if they had unlimited authority their lack of resources would impose a very effective check on any adequate attempts at self-help. If adequate resources and powers existed it would still be necessary to have a national co-ordinating authority to reconcile the disparity between local government boundaries and industrial areas. Certainly the appointment of Commissioners for Special Areas is an implied recognition of this need, but no one will be blamed for feeling that the powers with which these men are endowed are woefully inadequate. Possibly this is what inspired a former Commissioner to speak of the need for "unorthodox measures."

The problem of the distressed local authority, like the general economic problem of which it is a part, seems from a conventional point of view, to be insoluble. Where then, does salvation lie? Perhaps the Conference will find a way out.

I understand that the papers in this series should be "provocative." I fear that the readers of this paper, if they have read so far, will not be provoked but, rather, very deeply distressed.

# Problems of a Local Authority in an Industrially Distressed Area (Tyneside)

By H. E. R. HIGHTON, M.A.

*Lecturer in Public Administration, Armstrong College, Durham University*  
*[Paper to be discussed at the Summer Conference of the Institute of Public Administration, Cambridge, 1937]*

**T**YNESIDE is a compact area lining both banks of the Tyne for about 16 miles from its mouth. The aggregate population is over 800,000 and the main industries on which it depends are coal, ship-building and engineering. The port, which is under the control of the Tyne Improvement Commission for a distance of about 19 miles, has a big import trade in timber and food products. Up to the war the area was increasingly prosperous and the population grew at an accelerating rate. During the war the productive capacity of these industries was enormously increased and with munition factories brought a large influx of workers. When the war ended, and the brief



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artificial boom which immediately followed had collapsed, the area was left with a swollen population—a high percentage of it unemployed—scandalously overcrowded in the small houses characteristic of the area, and a considerable number living in small townships of wood and corrugated iron and even more makeshift dwellings. In other parts of the country the problem of transition from war to peace conditions was eased by the presence of industries which had been working at much under normal capacity during the war and re-absorbed those who had left them. Tyneside, unfortunately, had no such outlet. Its economic and social organisation was and is based upon a few large heavy industries, coal, shipbuilding and engineering. The revolutionary change in world economic organisation brought about by the war, with the resultant decline in international trade, hit Great Britain heavily and would in any case have imposed a painful readjustment of these industries. But inside this secular cause of industrial distress on Tyneside, has been added the world depression following the boom of 1929, which reached its depth in 1932, and brought with it an intense economic nationalism throughout the world. Areas of the industrial character of Tyneside were especially hit by these events. In the boom year of 1929 the percentage of unemployment among insured workers was at least 50 per cent. greater than in the country as a whole. The depression increased the difference to nearly 100 per cent. when about two-fifths of Tyneside's workers were unemployed: in one town the figure was 75 per cent. By the middle of March this year the world's recovery from the depression and rearmament in this country had brought the unemployment percentage in Great Britain down from 22 in 1932 to 11.5. On Tyneside the reduction was from 40 to 23—still twice as high as the average for the country. In the purely industrial towns of the area it was well over 30. The figure for Great Britain includes Tyneside and the other distressed areas, so that over large parts of the country the position is very much better than the average figure suggests. This is due to the changed character of production marked by a great expansion of the lighter and consumption industries and services. These facts have important social and economic corollaries which present the local authorities on Tyneside with their most serious problems:—

1. A big surplus of older workers who have slight chance of being re-absorbed into industry either locally or elsewhere.
2. The transfer of a large number of the younger workers and skilled workers to the more prosperous parts of the country.

As evidence of this it may be stated that of the total number at present in receipt of unemployment relief on Tyneside, two-thirds receive Unemployment Assistance Allowances, the great bulk of

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these having become disentitled to Insurance Benefit through long unemployment.

So to meet the cost of re-housing, of improved health services, both environmental and personal, and better educational facilities, all demanded by the social conscience of the country and imposed by Parliament on the local authorities, there is on Tyneside, outside Newcastle and one or two dormitory areas, a static or declining population whose total income is reduced by unemployment and by the increasing proportion earning low wages. Apart altogether from this reduction in resources the task would have been an onerous one—the leeway to be made up was greater here than in most other parts of England, especially in housing conditions. As things are it has become a depressing anxiety.

Tyneside is divided into 13 local government areas—4 county boroughs: the City of Newcastle-upon-Tyne, Gateshead, South Shields, and Tynemouth (which includes North Shields); 2 municipal boroughs: Wallsend and Jarrow; and 7 urban districts: Newburn, Gosforth, Whitley and Monkseaton, Blaydon, Whickham, Felling, and Hebburn. The only clear boundary is the natural one of the river, which for some twenty miles inland separates Northumberland on the left bank from Durham on the right. The river also completely separates Newburn, Newcastle, Wallsend and Tynemouth from Blaydon, Whickham, Gateshead, Felling, Hebburn, Jarrow, and South Shields. Gosforth is wedged into the north of Newcastle and Whitley and Monkseaton is on the coast north of Tynemouth. Newcastle (293,000) is the centre for Tyneside and a large part of the North East Coast, of industrial administration, commerce, transport, the professions, Government services, and education. Completely enclosed in one of its most congested areas on the river is a local government curiosity, the rural district of Newcastle-upon-Tyne containing only the County Hall and the Moot Hall of Northumberland with a resident population of the caretaker and his family! There are large industrial and residential areas. Gosforth is essentially a residential suburb of the city. Whitley and Monkseaton, 10 miles away on the sea-coast, is also a residential area suburban to the whole of Tyneside. Tynemouth is in fact two towns: North Shields on the river and old Tynemouth at its mouth and on the coast. The latter has the characteristics of its neighbour Whitley and Monkseaton. North Shields and all the other towns are almost entirely industrial, though South Shields has a seafront.

The following table sets out the most important statistical data relating to the finances of the local authorities in the area. It is based upon the well-known "Preston return" and upon a return made for the Institute of Municipal Treasurers and Accountants (North

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## RATES LEVIED IN THE TYNESIDE TOWNS, 1936-37

Town	Esti- mated Popula- tion	Net Product of a rd. rate	Rate- able value per head	Rates per £					Rates per head of estimated Populat'n				
				Public Assist- ance	Elemen- tary Educa'n	Total Rate required	Ex- chequer grant	Rate Levied	Public Assist- ance	Elemen- tary Educa'n	Total required	Levied	
NORTHUMBERLAND													
1. Newburn U.D. ..	19,120	£ 358	£ s. d. 4 16 3	2/7	3/2	18/9	6/7	11/2	11/7	14/3	£ s. d. 3 19 11	£ s. d. 2 10 3	
2. Newcastle C.B. ..	292,800	9,702	8 13 10	3/7	2/2	13/8	2/5	10/8	28/3	17/5	5 10 1	4 4 9	
3. Gosforth U.D. ..	19,040	660	9 3 0	2/7	3/2	16/3	6/1	10/2	21/9	26/8	6 16 11	4 5 7	
4. Wallsend M.B. ..	43,660	864	5 2 0	2/7	3/8	20/5	6/7	13/6	12/2	17/6	4 17 7	3 4 6	
5. Tynemouth C.B. ..	67,350	1,445	5 12 5	4/5	3/3	16/11	3/10	12/6	23/-	16/10	4 9 1	3 4 10	
6. Whitley Bay and Monkseaton U.D. ..	27,000	1,047	9 13 9	2/7	3/2	16/7	5/3	11/4	23/9	29/9	7 14 0	5 5 5	
DURHAM													
7. Blaydon U.D. ..	31,630	410	3 10 1	8/5	5/6	29/-	10/-	19/-	26/5	17/3	4 11 3	2 19 10	
8. Whickham U.D. ..	20,420	500	6 19 11	8/5	5/6	27/2	8/9	18/4	49/9	32/6	8 0 4	5 8 7	
9. Gateshead C.B. ..	121,240	2,128	4 10 0	7/-	3/9	20/10	5/3	15/6	30/1	16/2	4 9 4	3 6 6	
10. Felling U.D. ..	26,120	314	3 7 1	8/5	4/4	28/3	10/3	18/-	24/5	12/7	4 2 6	2 12 7	
11. Hebburn U.D. ..	23,350	282	3 5 10	8/5	3/9	31/1	11/9	19/8	24/5	10/11	4 8 8	2 17 10	
12. Jarrow M.B. ..	35,500	433	3 7 3	8/5	3/5	29/4	10/10	18/6	24/10	10/1	4 9 4	2 14 9	
13. South Shields C.B. ..	114,000	2,009	4 13 10	5/6	3/3	19/9	5/3	14/6	23/7	14/-	4 5 1	3 2 1	
Average for County Boroughs in England and Wales													
" " Boroughs	" "	" "	" "	" "	" "	" "	" "	13/3	" "	" "	" "	4 1 8	
" " Urban Districts	" "	" "	" "	" "	" "	" "	" "	12/2	" "	" "	" "	4 1 8	
" " "	" "	" "	" "	" "	" "	" "	" "	14/-	" "	" "	" "	4 0 7	

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Eastern Branch). In three towns not covered by these returns the figures have been calculated on the same basis. The rate for Public Assistance is given for its direct relation to industrial conditions and that for Elementary Education as one of the quantitatively most important of the more or less fixed items of expenditure. The towns are given in their order of position on the river, beginning at the furthest inland point on each bank.

The county councils of Northumberland and Durham administer important services in these towns outside the county boroughs. The Public Assistance Rate is in all these towns the County Rate. In Newburn, Gosforth, Whitley and Monkseaton, Blaydon and Whickham the Elementary Education Rate is also precepted by the county. Wallsend, Felling, Hebburn and Jarrow administer their own Elementary Education.

The outstanding features of this table are—

1. The poverty, both absolute and relative to the north bank of the river, of the 372,000 inhabitants of the Durham part of the area, as measured by the average rateable value per head. A similar comparison is to be found in the rateable values per head in the administrative counties as a whole—Northumberland, £5 3s.; Durham, £3 15s.

2. The very heavy burden of Public Assistance especially in the Durham towns. It is true that the highest rate of 8s. 5d. on Jarrow and the five urban districts is that required for the expenditure over the whole administrative county. But it is generally admitted that if all the towns had to meet only the cost within their own areas the burden would be at least as heavy and probably heavier. This is supported by the rate of 7s. in Gateshead with a markedly higher average rateable value. The South Shields rate of 5s. 6d. does not weaken the case as not only is the rateable value higher but the scales of relief are the lowest in the area and for the able-bodied very much lower than elsewhere. This charge represents approximately one-third of the total rate required. It is a much higher proportion of the actual rate levied, but as the Exchequer Grant under the Local Government Act, 1929, is determined by a formula in which some factors have a close relation to Public Assistance expenditure it seemed fairer to take the total rate required, necessarily after deduction of certain direct grants, as the divisor.

This very high cost of Public Assistance is a most direct outcome of the industrial distress in the area. Its burden is perhaps brought out still more clearly by taking the rate-cost per head of the population in each town. This is shown to be: Newburn 11s. 7d., Newcastle 28s. 3d., Gosforth 21s. 9d., Wallsend 12s. 2d., Tynemouth 23s., Whitley and Monkseaton 23s. 9d., Blaydon 26s. 5d., Whickham



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49s. 9d., Gateshead 30s. 1d., Felling 24s. 6d., Hebburn 24s. 6d., Jarrow 24s. 10d., and South Shields 23s. 7d. Put another way the expenditure on Public Assistance is equal to a contribution from the average household of from £2 10s. to £10 per annum—in the poorer working-class towns about £5. On the Northumberland side the cost in the county boroughs suggests that Wallsend and Newburn are aided substantially by the rest of Northumberland; but a rate of 2s. 7d. is a heavy item in their budget, and their expenditure on more normal services is materially affected although the nature of the case does not lend itself to a more definite statement. Among the Durham authorities it is a constant shadow hanging over other considerations which involve expenditure. It is almost completely beyond their control. In towns where such a large proportion of the population depends on this income a reduction of the scale would react on the other items of public expenditure. In recent years when estimating what should be spent upon elementary education, public health, unclassified roads and other services, Jarrow and the five urban districts had to do so in the light or rather the shadow of a precept by the county council involving a poundage rate of 10s. (well over half of which, after making generous allowance for the County Exchequer Grant, was for Public Assistance): their own resources limited in the extreme by poor populations, a very high percentage of them unemployed. And this has been going on for fifteen years. In these circumstances the pressing need for personal services—medical treatment, milk foods in welfare clinics, school meals, etc., have had first claim on the authorities: environmental services have had to be kept down to a minimum. The latter have been served to some extent by the need to provide relief work for the unemployed. But this in turn has given a twist to the capital expenditure which perforce has been directed to schemes which would provide the maximum of manual labour and for which the Government grants could be secured or to which the Commissioner for Special Areas could and would contribute a large part or the whole of the cost. Before the last depression Gateshead had a scheme for a badly needed new public baths, to cost £89,000. A Government grant of £75,000 was arranged, but in 1931 this grant was withdrawn and the scheme is in cold storage. Jarrow would like a public library and to put its streets and footpaths in good order instead of merely patching them to keep them usable—and so on. Left to themselves, to maintain the services as they are would have been an intolerable burden; it has been made just tolerable by special Government aid. The authorities on the Durham side especially have been driven into the same position as the mass of unemployed men and women living in their areas—an increasing dependence on state aid to maintain the minimum con-

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ditions of life. It is an atmosphere of frustration which takes the spring out of life. The same general conditions exist on the other side of the river but, for reasons already stated, they are not so severe. There are parts of the north bank as bad as those on the south. For example, Willington Quay in Wallsend and North Shields in Tynemouth; at March 15th the unemployment percentages in these places were 33.4 and 34.4 respectively. Newburn has suffered badly from unemployment, but the local authority is helped financially by the provision of Elementary Education as well as Public Assistance being a county responsibility.

Newcastle, Tynemouth, and, to a less extent, Wallsend, are communities with a varied and balanced social structure represented by a good distribution of industry, shops and residential areas. The other industrial towns on Tyneside have always lacked this varied and richer life. Some of them—Blaydon, Felling, Hebburn and Jarrow—may be described as one-class towns, having the bare minimum of commercial and professional activity, and little or no residential population. Hebburn is a fair example of this. Out of 5,470 dwelling-houses, 4,970 are assessed at a rateable value of £13 or less, and only 65 at over £20. It may be added that the small houses account for 53 per cent. of the total rateable value of the district. Compare this with Wallsend, also an industrial town, which, out of a total of 11,000 houses, has 9,055 assessed at £13 or less but has 544 at over £20. This segregation has for long been characteristic of the area, and its marked increase since the war is largely due to causes common all over the country. At the same time, it seems certain that the process in this area has been accelerated by the long-continued industrial distress. The poor housing, mean streets and unattractive shops at all times characteristic of these towns have in prosperous times a counter in the cheerful sound and busy movement of comparatively care-free men and women dressed, as the case may be, for work or for leisure, walking in the streets and going in and out of fully-stocked shops. One of the accompaniments of the coronation festival was some revival of this, in a different form, in the excited decoration of some poverty-stricken side-streets in the poorest districts of the area. But when shipyards are silent, and ironworks black, some abandoned altogether: when groups of workless men and lads gather at corners clad always in the same poor clothes and careless in a very different sense: when the shops are thinly stocked and many are empty with windows boarded up; the poverty of the land appears in dull stark nakedness. The official, the professional man, the manager is repelled to some more cheerful place to dwell in and the value of the property he occupies goes to swell the resources of an already richer authority. As employers many of the authorities have

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felt compelled to make it a condition of the appointment of their officials that they reside inside the borough or district. Modern transport development has made such movement easy and rapid. The population is crowded along the river banks and the sea-coast, and a line of electric railway and a main road or two connect all the towns on either side. Cross-river communication, though dependent on ferries below the centre of Newcastle, is good. There is a great flow of the population up and down and across. Jarrow is now largely a working-class dormitory town. It has lost its shipyards and ironworks and its employed population goes in thousands to Hebburn and across to Wallsend. But whereas in Whitley and Monkseaton or Gosforth nearly every additional house yields a rate-product which is greater than the additional rated expenditure incurred, in the smaller industrial towns the opposite is the case. In the industrial conditions of the last fifteen years their larger houses have become empty or have been turned into flats; shops are unoccupied. It is true that apart from Jarrow the rateable value per head of the towns has been increasing somewhat, but this is due to re-housing and the necessary services are increased in greater proportion. Jarrow is the worst case; its rateable value per head steadily declined from £3 10s. 10d. in 1931-32 to £3 7s. 2d. in 1935-36. In 1935-36 it lost rateable value as follows:—

			£
Slum Clearance Scheme	...	...	239
Palmers (on appeal)	...	...	3,000

there were some compensating increases, but the net result was a drop in total rateable value of £1,771.

In 1936-37, as the result of a Review Order by the county, it added 920 acres to its 1,064, and increased its rateable value by over £15,000. The population of the added area is 3,500. The area includes a large new housing estate already owned by the town. The rateable value per head was thus increased by a 1d., but the official view is that this substantial addition to the area rateable property and population will not give any immediate financial relief to the authority as the cost of services will at least equal rate income.

It is hoped that something of a clear picture of the problems local authorities on Tyneside have had to face in a period of industrial distress has emerged from this paper. With the aid of Government Departments and the Commissioner for Special Areas they have struggled successfully to keep things going. A word may be put in here for the help given in the organisation and carrying out of improvements in the amenities of some towns by voluntary bodies like the Tyneside Council of Social Service—the manual work done

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largely by the unemployed. But the strain has been great and is showing its effects. The psychological reactions of long-continued unemployment and highly casual employment on their victims are also visible among the members of the authorities of the more depressed towns. A nervous jumpiness exists and suspicion of motives is easily aroused by the most trivial causes. The party divisions, justified as they are by a conflict of principles in the government of the community, are accentuated until even in matters which do not involve these principles in any way, it is enough for one side to make a proposal for the other to strenuously oppose it. This is by no means general, but the worse the economic conditions of the area the more it appears. It hardly needs saying that the work of government in such difficult economic circumstances is thus made more difficult and less efficient.

Solutions for the more permanent difficulties of local government on Tyneside, such as those proposed in the recent Report of the Royal Commission on Local Government in the Tyneside Area, are outside the scope of this paper. The worst of the immediate problems of the existing authorities have been shown to be due to unemployment and the consequent lack of incomes to the population. A return to prosperity would not add greatly to assessed rateable value. Hebburn has in the last year or so had considerable additions to industrial hereditaments, but the de-rating of industrial property, machinery, etc., has meant only a trifling addition to rateable value as a result. But it would increase the citizens' ability to pay rates on the one hand, and on the other would reduce expenditure on relief of various sorts—public assistance, milk to mothers and infants, feeding of school children—enabling the resources at present absorbed in this way to be used for the improvement of other services. It would change the atmosphere of struggle and despair to one of hope and of getting things done. It remains to be seen what effect the Exchequer Grant revision and the removal of able-bodied unemployed from the Public Assistance Committees to the Unemployment Assistance Board will have. But at the best these will not find work and wages for surplus miners, shipyard workers, etc., resulting from the great changes in technical processes and in the pattern of the economic organisation of Great Britain. Local authorities can do little or nothing to eliminate these causes of their problems. That is a task for the whole people of our country.

# Problems of a Local Authority in an Industrially Distressed Area (South Wales)

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## *The Economic Background*

South Wales is only too well known as the centre of a long-continued and serious industrial depression, to which circumstance a tardy recognition was given by the inclusion of a part of the district in the list of "Special Areas." Notwithstanding this fact it is, however, not always realised to what an extent the situation in South Wales is a peculiar one. Not only is there the marked and well-known contrast between South Wales and the more prosperous areas of the Midlands and South-East, but there is a further and more significant contrast between South Wales and the rest of the "Special Areas."

Throughout the whole period of industrial depression South Wales has been more severely hit than any other area of similar size and, unlike the other "Depressed Areas," South Wales has so far shown very little sign of participating in the present boom.

This double contrast is clearly shown in the following figures which indicate the geographical distribution of unemployment in recent years:—

*Percentages of Insured Unemployed by Areas.  
(Annual Averages)*

	1931	1935	1936		1931	1935	1936
London ...	12.2	8.5	7.2	North-East ...	27.4	20.7	16.8
South-East ...	12.0	8.1	7.3	North-West ...	28.2	19.7	17.1
South-West ...	14.5	11.6	9.4	Scotland ...	26.6	21.3	18.7
Midlands ...	20.3	11.2	9.2	<b>Wales...</b>	<b>32.4</b>	<b>31.2</b>	<b>29.4</b>

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The same unfortunate position of South Wales can also be illustrated from the opposite angle, by taking figures of building plans approved as a general index of new economic developments:—

*Value of building plans passed by local authorities in the larger towns—per head of estimated population.*

1936		Dwelling-houses.	Factories, Shops, etc.
		£ s. d.	£ s. d.
Outer London	...	7 0 0	1 9 6
N. and W. Midlands	...	4 8 6	2 2 6
Northern Counties	...	3 10 6	1 0 0
<b>Wales and Monmouth</b>	...	<b>1 19 0</b>	<b>0 5 0</b>

The above figures, striking as they are, minimise rather than exaggerate the specially serious plight of South Wales. In the first place the areas upon which these statistics are based cover large geographical regions, and it is more than probable that an analysis restricted to the industrial areas proper would show contrasts even more outstanding than those illustrated above.

Secondly, in considering the figures of unemployment, it should be remembered that a fall in the unemployment rate does not necessarily indicate a return to prosperity. This warning is particularly applicable to South Wales, because it is here more than anywhere else that large-scale migration has taken place. The following figures, showing the change in the numbers actually employed, give some indirect indication of the extent of this migration and illustrate in a still clearer way the marked contrast between South Wales and the rest of the country:—

*Change in the number of persons employed 1924-1936.*

	1924	1936	Number.	Per cent.
London	1,794,000	2,396,000	Increase 602,000	(+ 34)
South-East	713,000	1,063,000	„ 350,000	(+ 48)
South-West	692,000	886,000	„ 194,000	(+ 28)
Midlands	1,523,000	1,828,000	„ 305,000	(+ 20)
North-East	1,745,000	1,722,000	Decrease 23,000	(- 1)
North-West	1,783,000	1,794,000	Increase 11,000	(+ $\frac{1}{2}$ )
Scotland	1,124,000	1,141,000	„ 17,000	(+ $1\frac{1}{2}$ )
<b>Wales</b>	<b>568,000</b>	<b>425,000</b>	<b>Decrease 143,000</b>	<b>(- 25)</b>

Over this period of twelve years, in contrast with the rapidly expanding Midlands and South, the northern districts have just about



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held their own. In Wales, however, the numbers show a rapid and almost unbroken decline, and in 1936 employment totals in Wales were actually the lowest on record.

Large-scale migration is the almost inevitable corollary of such a situation as this, and the removal of large numbers of people to the prosperous districts of England has been a potent factor in preventing a still more catastrophic fall in the unemployment figures for South Wales. But it is a solution of the problem which as far as South Wales is concerned, is more apparent than real. The migration which has already taken place and which still continues to-day may perhaps be economically inevitable, but it leaves large areas permanently derelict and intensifies still further the problems which face the local authorities of South Wales.

### *The Problem of Local Rates*

It is inevitable that most of the special problems confronting a local authority in a Depressed Area should express themselves directly or indirectly in the form of a financial burden, and a good deal of doubtful publicity has been given to the specially high level of local rates in South Wales, contrasting as they do with those of the more fortunate districts.

The following are typical figures of rates levied for the year 1936-37:—

	<i>s.</i>	<i>d.</i>		<i>s.</i>	<i>d.</i>
Merthyr C.B. ...	29	0	Eastbourne C.B. ...	8	0
Glamorgan County ...	16	4	Middlesex County ...	7	1
Monmouth County ...	16	1	Surrey County ...	5	11
Abertillery U.D.C. ...	28	0	Kettering U.D.C. ...	12	10
Gelligaer U.D.C. ...	27	5	Slough U.D.C. ...	10	0
Caerphilly U.D.C. ...	25	0	Surbiton U.D.C. ...	10	0
Cardiff C.B. ...	12	1	Plymouth C.B. ...	10	0

Comparisons such as these, whatever their political value, are clearly unfortunate and misleading. With enormous differences in local conditions direct rating comparisons must of necessity be extraordinarily difficult, if not impossible; and the contrasts which are illustrated in the above table cannot, in themselves, be taken as conclusive evidence of an unfair rating burden falling upon the Distressed Areas.

In particular the whole rating position is still complicated by the differences in standards of assessment which undoubtedly survive to-day, and there is possibly some justification for the assertion that assessments in South Wales have been kept unduly low.



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A somewhat less inaccurate picture is given by taking the rate burden per head of the population, and here the contrast between South Wales and the rest of the country certainly appears far less pronounced.

### *Rate Burden per Head of Population, 1936-37.*

	£	s.	d.		£	s.	d.
Merthyr C.B. ...	4	7	1	Eastbourne C.B. ...	5	19	2
Abertillery U.D.C. ...	3	9	1	Kettering U.D.C. ...	3	17	10
Gelligaer U.D.C. ...	3	19	2	Slough U.D.C. ...	3	17	0
Caerphilly U.D.C. ...	3	8	4	Surbiton U.D.C. ...	5	12	5
Cardiff C.B. ...	4	13	9	Plymouth C.B. ...	4	1	9

Unfortunately, however, the rough similarity in rate *burden* between the distressed and prosperous areas is, in its turn, almost as misleading as the dramatic contrasts in rate *poundage* previously referred to.

Rate burdens defined in this way are almost meaningless unless they can be considered in the light of other local factors, such as the income or "taxable capacity" of the community, the extent of assistance received from the Central Government, and the particular kind of services which fall on the local rates; and it is in matters such as these that the characteristic problems of the Depressed Areas are to be found.

A full analysis of the rating position with all its technical difficulties is clearly outside the scope of this paper, but there are certain features peculiar to the Distressed Areas which suggest themselves for special consideration.

### *Special Burdens on Local Rates in South Wales*

#### *(a) Public Assistance.*

The abnormal severity of the industrial depression in South Wales has naturally expressed itself in extremely heavy charges for Public Assistance to a degree unknown in most other parts of the country. The true extent of these additional burdens on the Depressed Areas is, of course, partly obscured by the intricacies of the Block Grant system, but a situation such as that of Merthyr, where the Public Assistance rate forms more than 50 per cent. of the total rate charge, suggests that an intolerable burden is being thrust upon an already impoverished community.

Some alleviation of this special burden was envisaged with the establishment of the Unemployment Assistance Board, but such partial relief as the scheme eventually offered has, until the present year, been qualified to the extent that local authorities are required to contribute 60 per cent. of their savings to the funds of the U.A.B.,

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added to which the relief is, in any case, restricted to the insurable population and their direct dependants.

The real problem of the Distressed Areas lies in the fact that, quite apart from the question of the able-bodied unemployed, they have to bear a disproportionately heavy burden of Public Assistance in respect of the "ordinary" or non-insurable poor. This special burden, which is in effect very largely an indirect consequence of unemployment, is intensified in several ways. Migration from South Wales has been restricted very largely to young people, with the result that the population which remains behind contains at the present moment an abnormally high proportion of children and a still higher proportion of old people, the majority of whom have to look to Public Assistance as their sole source of support. If present tendencies continue the existing "top-heaviness" of the South Wales population is likely to become even more pronounced in the immediate future, since each year a large proportion of the young generation moves away from the district on completing school or university training, leaving behind a population with an ever-increasing ratio of sick and aged poor.

Under normal conditions, if these grown-up children had found local employment in their home districts they would not only have contributed as ratepayers to the finances of their local community, but would also in many cases have contributed to the maintenance of the parental home, whereas the present migration of the younger generation tends to maximise the number of older people who have to resort to Public Assistance. A similar situation tends to arise in the case of younger people who remain within the Depressed Areas, since the low standard of wages or of unemployment benefit leaves little margin for personal contributions to parents or other relatives outside the narrow circle of household dependency.

It should also be remembered that the small shopkeeper or independent tradesmen, so typical of the industrial areas of South Wales, lies outside the scope of the Unemployment Assistance Board, and where, as so frequently happens, he succumbs to the locally concentrated industrial depression, this adds still another burden to the Public Assistance rate.

Last of all, the mere fact that unbroken depression has lasted for so many years means an exhaustion of both physical and financial reserves for large sections of the population, thus making necessary an ever-higher standard of relief. Whilst it is not easy to estimate the importance of this last factor, it doubtless explains at least in part the apparent laxity in the administration of relief which is alleged to be characteristic of many Depressed Areas.

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### *(b) The "Population Trap."*

Possibly the most fundamental point of difference between the depressed and prosperous areas lies in the contrasts which result from diminishing and increasing populations.

Here again an outstanding example is provided by Merthyr, where a population which totalled 80,000 in 1921 had fallen to 67,000 in 1936. The same downward trend is observable in varying degrees throughout South Wales, in contrast with the marked upward trend which is fairly general throughout the Midlands and Home Counties.

Under such conditions of declining population the burden of charges for many essential social services has become increasingly severe, quite apart from any further intensification more directly attributable to economic distress. Outstanding debt charges incurred in times of prosperity remain unchanged, independent of any fall in the size of the population which has to bear them, road maintenance charges are difficult to reduce, and public utility services such as gas, electricity and water tend to operate under increasingly unfavourable conditions.

Here as in the special problem of Public Assistance the situation has all the features of a vicious circle; increasing charges for essential services tend to drive away industry and population, resulting in a still further worsening of conditions.

Two major instances may be given of the operation of the "population trap" in South Wales.

The most outstanding example is that of the Taf Fechan Water Supply Board, formed in 1921 to supply Merthyr and the surrounding urban areas.

In the case of this undertaking there is a heavy initial burden due to the fact that most of the work was carried out during the period of inflated prices immediately after the war, with the twofold result of very high capital cost and of very high interest rates (running between 6 per cent. and  $7\frac{1}{2}$  per cent.) on the heavy loans incurred. It might of course be argued that this particular type of burden arising out of post-war conditions was not in any way peculiar to districts such as Merthyr. Many other local authorities outside South Wales are also still bearing inflated charges for loans incurred just after the war, but the essential fact remains that the special severity of industrial depression and dwindling population in South Wales make such charges far more burdensome than would otherwise have been the case.

Beyond this, however, there is a further heavy burden due directly to the industrial collapse. The Taf Fechan undertaking was planned on the basis of 1921 conditions. Since then the closing of

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the Dowlais works alone has reduced the demand for water in the Merthyr area by over 25 per cent, and the whole undertaking has now nearly nine million gallons a day surplus to present requirements.

The result for Merthyr has been that, in spite of a recent doubling of the charges for domestic consumption, there still remains a deficiency which has to be covered by a rate of 2s. 8½d. in the £. It is worth while noting that this deficiency alone is greater than the entire rate-bourne expenditure on Secondary and Higher Education in the borough.

Even more striking is the case of Abertillery, where the deficiency in respect of a somewhat similar water scheme amounts to over 20 per cent. of the entire rate burden, or three times the expenditure on Public Health services.

The second example is taken from the field of education. As a result of migration coupled with a falling birth-rate the elementary school population of Glamorgan has declined by nearly 18 per cent. in the last eight years, and will decline even more rapidly in the immediate future. Only to a small extent is it possible to effect a reduction in costs by closing schools or making similar adjustments. Most overhead charges remain the same, and the problem of redundant teaching staffs has, in practice, to be dealt with by the slow and psychologically disastrous process of cutting down promotions and new recruiting. This in turn means that South Wales has an unusually high proportion of teachers (as well as other officials) in the older age groups, and therefore on the maximum scale of salary. Under conditions such as these it is more difficult than ever to reduce total costs in proportion to the steady fall in rateable values, and administrative costs per child must inevitably rise.

The education service also provides an important example of the heavy indirect burdens which are falling on local authorities in South Wales as a result of extensive selective migration.

During the whole of the post-war period the industrial counties of South Wales have trained large numbers of teachers, technicians, etc., who, on the completion of their training, have left almost immediately to take up positions in the prosperous districts of England; and more recently a similar movement has developed on an increasing scale direct from the elementary and secondary schools. A large part of the costs of education, maintenance grants, etc., in respect of these migrants (to say nothing of other social services) falls directly on the local rates, with the result that the Depressed Areas are thus incurring considerable expenses which they can ill-afford in order to present trained workers to the more prosperous districts,

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Any estimate of the extent of this burden must of necessity be highly speculative, but a recent survey by the Ministry of Labour indicates that in 1936 over 25 per cent. of the boys and girls leaving secondary schools throughout Wales went *directly* into employment in outside districts. The proportion of young people who migrate within a year or two of leaving elementary schools is hardly likely to be much lower, and in the case of teachers and others who go on to more expensive training it would be a fairly safe guess to say that at least half of them migrate to England. Where, as in South Wales, approximately one-third of the money raised by local rates goes to education alone, the burden of this hidden transfer becomes a serious one and, in default of a special weighting of the Block Grant for this factor, it would almost seem that there is a case for an inverted Act of Settlement to alleviate this special burden.

### *Extent of Government Assistance.*

There still remains the important question of how far the Central Government has made a special contribution to relieve these extra burdens falling on the Depressed Areas.

In approaching this aspect of the problem it must be recognised that an extremely high proportion of the "poverty burden" in South Wales as elsewhere is kept from the rates by the extensive system of Unemployment Benefit and Allowances, Pensions, etc., administered directly by the State on a national basis.

But it is clear that even the residual burdens not covered by State-administered relief fall with special severity upon the Depressed Areas, and the adequacy or otherwise of supplementary relief by such methods as grants-in-aid is obviously a matter of fundamental importance.

It can hardly be suggested that the specific grants-in-aid still retained for Education, Police and Housing afford relief on anything approaching an adequate scale to the extra burdens falling upon the Distressed Areas, and it was largely because of the inadequacy of this system to deal with the problem of need that the formula-operated Block Grant was evolved to secure more selective relief to local rates.

To what extent this formula has so far succeeded in giving differential relief based upon need is by no means easy to determine, but the following table shows the incidence of Block Grant relief in the case of those districts included in some of the tables given earlier in this paper:—

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1936-37. *Rate Burden and Relief through the Block Grant*  
—per Head of Population.

	Gross Rate Burden. <sup>1</sup>	Block Grant.	Net Rate Burden. <sup>1</sup>
	£ s. d.	£ s. d.	£ s. d.
Merthyr C.B. ...	5 19 2	1 12 1	4 7 1
Abertillery U.D.C.	4 18 6	1 9 5	3 9 1
Gelligaer U.D.C.	5 11 7	1 12 5	3 19 2
Caerphilly U.D.C.	4 17 8	1 9 4	3 8 4
Cardiff C.B. ...	5 12 5	0 18 8	4 13 11
Eastbourne C.B.	6 8 11	0 9 11	5 19 0
Kettering U.D.C.	6 3 9	2 5 11	3 17 10
Slough U.D.C. ...	5 14 8	1 17 8	3 17 0
Surbiton U.D.C.	6 3 9	0 11 3	5 12 6
Plymouth C.B. ...	4 16 7	0 14 10	4 1 9

<sup>1</sup> After allowance for specific grants.

In general all that can safely be said is that up to the present the partially operated formula does not appear to have secured any drastic and consistent adjustment according to the capacity of the district to pay. Also a superficial inspection suggests that there is a very poor correlation between the size of the Block Grant and the Public Assistance charge, which is the outstanding single item falling with special severity upon the Distressed Areas.

The inadequacy of the original Block Grant to give any marked relief to the Distressed Areas has in fact received some recognition in the revised system of weighting which is to come into operation for the third fixed grant period. This new formula gives an increased weight in respect of heavy unemployment, though it should be noted on the other hand that it also indirectly abolishes the supplementary relief which originated in the Distressed Areas Grant of 1934. It is also significant that those responsible for the new formula make the formal reservation that even the new system for the Block Grant cannot be expected to give a full measure of relief to the Distressed Areas.

Some indication of the changes brought about by the new formula are however given by the provisional estimates recently published of a gain equal to a rate of 5s. in the £ for Merthyr, 2s. for Glamorgan and 3s. 2d. for Monmouth, subject it may be noted to a deduction because of the continuing decline in the population of these areas.

Rather more fundamental is the criticism that supplementary relief, such as is afforded by the Special Areas Commissioner, has failed to bring assistance where it is most required.



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Considerable grants have been made by the Commissioner to make possible the undertaking of new works which could not be financed out of resources at the disposal of distressed local authorities, but no relief has been available to meet charges on outstanding loans for public works, such as Taf Fechan, undertaken in the past.

There appears to be all the more justice in this complaint since the penalty of unrelieved loan charges falls heaviest on those local authorities which in the past have been most progressive and are now most severely hit by the depression; whereas the less progressive council is now able to make up leeway at the expense of the National Exchequer.

### *Conclusion.*

As far as South Wales is concerned the outstanding features of the present situation appear to be:—

(a) There is as yet no clear sign of any special relief which would materially reduce the *extra* burdens created by industrial depression and terminate the vicious circle created by unemployment and a declining population.

(b) Still less is there any adjustment of *general* rating burdens on the basis of capacity to pay—with the result that local finance in South Wales has all the characteristics of a highly regressive system of taxation.

(c) The extra charges in South Wales arising out of such circumstances as unemployment and the "population trap" have only been met to a small extent, if at all, by attempting to levy an abnormally heavy rate burden per head of the population. Standards of income in the Distressed Areas are so low that an appropriate increase of the rates to meet these extra charges becomes quite impossible and the problem has to be met by savings in other directions. In other words the real cost of these extra charges appears in many cases to have expressed itself in a cutting down of miscellaneous health services and in a sacrifice of many of the civic amenities which are available as a matter of course to the inhabitants of the more prosperous areas.



# The Use of the Interview in Recruitment and Promotion

By MARY AGNES HAMILTON

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*[Paper to be discussed at the Summer Conference of the Institute of Public Administration at Cambridge, 1937]*

SUSPICION is, I think, the general attitude towards the interview, on the part of the candidate: at any rate before he has experienced it. He holds that written papers, with their happy anonymity, are fair; whereas the test of personal contact is apt to be unfair. He suspects bias of all sorts—class bias, sex bias, even national bias; and feels that any extensive use of the method will tend to bring back the old personal influence, by the back door. I confess, frankly, that my own, ignorant, point of view, was very much of this sort; it was with something like stupefaction that I heard an eminent member of the Civil Service Commission, now retired, state that in his view appointment to the Administrative grade might well be made on the basis of the interview alone. Since he was himself a Scot, I dared not put to him my fear that members of a nation not pre-eminently distinguished by superficial pleasantness on first contact might suffer; and that, generally, the shop-window artists would carry off more than they were entitled to; that women would be “downed” by Boards of men, the pretty ones allowed to score beyond their merits, and so on. Such experience as I have since had has, however, certainly converted me to the use of the interview as an important adjunct in recruitment; and to its employment in promotion almost to the degree which he desired.

That experience has been in the main of two kinds, corresponding to the two chapters—recruitment and promotion. I have, to my own great interest and profit, served more than once on the Boards set up by the Civil Service Commission for the interviewing of candidates for the Administrative Grade, for the Tax Collectors, and the Ministry of Labour service. I have for three years been, and am at

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present, a member of the Staff Selection Sub-committee of the Hospitals and Medical Services Committee of the L.C.C. The method in these two cases is different. In the first, where it is a question of recruitment, the board assigns to candidates a mark for "personality," whose maximum, 300, is only an element, although an important one, in the possible total to be gained on that and on written papers of 1,000. In the second, a short list of candidates is prepared on the basis of their records, qualifications and testimonials (where they come from outside the service of the Council) by experts capable of assessing their purely professional qualifications. Out of that short list the members of the sub-committee—in the main lay persons like myself—select one. They have a summary of the records before them; they can call on the experts for opinions on professional points, but the ultimate selection out of a list, any one of whose names is presumably adequately competent for the job, is made on the basis of the non-expert judgment of personal quality as evidenced and gauged at the interview. The Appointments Boards set up by the B.B.C. function also on this latter plan: the Board (composed partly of members already in the B.B.C. service and partly of outsiders) interviews candidates on a short list made up in the office out of applicants who have entered in response to advertisement, and from among those candidates it makes a selection. Here it is a question of recruitment; but of recruitment to a specialised type of job, and of persons generally older, and with wider experience, than those who seek to enter the civil service straight from the Universities.

On the basis of this experience, I am inclined to the opinion that, for general recruitment, the combination of written papers with an interview is right; whereas, for promotion, where the record of past service is available, the interview method can be relied upon for final adjudication. I have not found that the suspicions entertained in theory about the impartiality and freedom from bias of the interviewing board, are justified. These suspicions, after all, are sufficiently general, common, outspoken, and natural, for every interviewer to be aware of them; and aware that he has got to be consciously on his guard against justifying them. He is so on guard. I did not, for instance, when I first served on the Board that looks at the candidates for admission to the Administrative grade, find that it was prejudiced in favour of the Public School entrant—although I had been specifically warned that I should find it so; on the contrary, most members were so well aware that they were expected to entertain that prejudice that they were apt, if anything to prefer a Midland to an Oxford accent. And any sign of any sort of prejudice in any one mind on the Board instantly set up a contrary wave in another.

## *The Use of the Interview in Recruitment*

On the broad general question as to the use of the interview, in some degree, there can, I think, be little dispute. There are in the world, a few purely "paper" jobs; but very few. In almost every kind of employment demanding intellectual qualities and training, the material on which the officer has to work is his fellow human-beings, above or below him in the office, and in the world outside. The extent to which he can get on with those fellows, work with and through them, get the best out of them, keep them keen, note their merits and stimulate them, observe their defects, and help to overcome them—this is the decisive element in his success. The non-co-operator may have the most excellent brains, and yet hold up an entire machine. All these machines, as we call them, are composed of human beings, and work well or ill as the relations between those human beings are good or bad. Moreover, it is surely a simple fallacy to assume—as lots of us, unthinkingly, are apt to do—that whereas a human being's brains are a matter of personal credit and therefore capable of just assessment and weighing in a scale against the brains of another, his voice, his looks, his manners, his temper, his vitality, his capacity of disinterested service and his power to guide and help others are given by Nature, and therefore ought not to be charged for him or against him. In his efficiency, in terms of actual getting work done, this latter group of qualities is quite as important as his brains: perhaps more important. Somehow or other, they have got to be assessed.

That they have got to be assessed, and are of capital importance, most people, I fancy, would agree. The scepticism that remains is not, therefore, so much scepticism as to whether the assessment should be made, as scepticism as to whether it can, fairly, be made: scepticism, in a word, of the instrument.

Every instrument is fallible, in human hands. The margin of error is perhaps larger here than in the case of examination results. Even there, however, the margin remains, nor is it small. An examiner in the mathematical sciences may be able to assess papers with genuine exactitude and entire justice; but on the side of the humanities, the total exclusion of personal prejudice—in its nobler sense—is impossible; and the same applies even to economics. Questions of taste cannot be kept out of written work. The examiner, like the candidate, has his good days and his bad. To draw up a paper in history or even in the classics, that will not prove "lucky" for some and "unlucky" for others, defeats ingenuity. A headache on the morning is almost as fatal to the candidate's papers as to his interview chances. With the interview, of course, human fallibility does come in and is potentially and theoretically more serious. Candidates

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have bad days: so do interviewers. I was a member of the "Test" boards which assigned a prize, on the basis of interview, to one of fourteen selected candidates; and the prize went, as everybody knows, to a candidate in the middle position on both lists, there turning out to be wide divergence between their respective highests. Let the most that anyone cares to assign be assigned to this result; it still remains true, I think, that a Board which gives to each candidate a sufficiency of time will be able to make a tolerably fair assessment of personal qualities. The points that seem to me to be of importance are (a) that the Board should be not smaller than five; and (b) that the candidate be given not less than ten to fifteen minutes on an average.

Here, the first point (a) is the capital one. If a Board is reasonably constituted, and contains a sufficiently varied assortment of persons, those persons possessing something of the gift of making others talk, then the result will be both fair and as near right as anything human can be. In no case, to my mind, is the old adage that the whole is more than the sum of its parts more true than in this. Nothing astonishes me more than the regularity with which members of Boards, themselves as different as possible in temper and outlook, in fact agree in the broad general judgment of effective human quality. It is not merely that, often, where there is marked divergence between, say, two individual members, the consensus will happily bridge it. It is a more positive affair than that; there is, in nine cases out of ten, real common agreement. It is the regularity with which I meet this result that convinces me of the efficacy of the interview as a method. But it is a result that depends upon the Board's containing at least five persons.

Of course, the effective working of the method depends, very greatly, on the skill possessed by the members of the Board, and above all, of its chairman, in getting a good atmosphere established: an atmosphere in which the candidate can be induced to reveal him or her self. Here again, however, there is a strength, as well as safety, in numbers. If one member fails with a given candidate, another may succeed. The universal contact-man is of little use; but it seldom happens that there is not somebody who, in relation to a given interviewee, can strike a sympathetic note. The best chairman I have experienced used to employ his first few minutes in asking mainly formal questions, designed, and skilfully designed, to putting the candidate at his ease, getting him used to the sound of his own voice and so on; then, at the end, he would come in again, and follow up some hare started by one of his colleagues but left—as so often happens, in mid-career. He was positively brilliant, in the skill with which he did this. In originating useful lines of inquiry he had no

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particular talent, but at picking up and carrying on to a conclusion the lines thrown out by others, with more ingenuity than he but far less than his practised skill, he was marvellous. The worst chairman I have known, on the other hand, was one who talked so much himself that he left the candidate with little beyond "Yes" and "No." But, in general, the different minds and habits of approach of the various members composing a committee or board play upon one another not only so as to correct any kind of unfairness arising out of the special penchants of one, but so as to suggest fresh and possibly stimulating questions, that may open up activities or interests in the candidate which he would never have thought of deploying on his own account. The interviewer who cannot get beyond the stock question, "What books would you take to a desert island?" or "Have you any hobbies?" is no use, but though we have probably all started with that, few fail to get from their fellows some suggestion of a more individually directed interrogation. Again, there is always some member who will remind the others that  $x$  was not dull, but probably only shy, or that  $z$ , who talked so brightly, ought not to be allowed to be given too much credit for the accident that the only book he has read lately was one written by the chairman.

Admittedly, the effort to assess that elusive thing we easily call "personality" is difficult in the highest degree. It is not less difficult to-day, when the conventional categories are nearly all out of action. But there remain certain elements that do tell, and do speak, when one is confronted with a human being. Vitality is one of them. It can certainly be registered and registered as something wholly distinct from the mere ready capacity to bring to the surface the expected reactions to the remarks of another. Zest, an interest in the whole business of being alive, an awareness of variety in experience, curiosity as to the world one lives in, taste—these things do somehow get across. It is surprising how definite is the impression made upon the mind by a series of individuals, seen not against the background of a series of imagined ideal qualities for a given post, but against one another. For, after all, whether in recruitment or in promotion, the interviewer is generally making a selection. He may—this sometimes happens—find none who is fitted for the post and have to decide to that effect, but as a rule his choice is between a number of actual and possible persons, whom he weighs against each other. And here, in this comparative assessment of actual persons, a measure of common agreement emerges, nine time out of ten, even if the committee could not come to any general judgment as to a hypothetical ideal appointee. Confronted with real persons, few Boards find much actual difficulty in deciding which of them is, in ordinary human

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terms, the best for the job. There is a practical check of imaginative or moral vagaries at either end. You are not looking for an ideal candidate, but weighing possible against one another, and you are not looking for an ideal candidate in the vague, but for the best holder of a quite specific type of job.

We do, all of us, go about passing instinctive judgment on our fellows. There is no action more habitual with all of us. A committee does this not merely on the basis of the answers good or bad returned to its questions. Even if the candidate said nothing at all, he could not help by the mere fact of his appearance depositing a certain impression of himself on the minds of those who look at him, watch him enter and leave the room, sit down at the table, smile (women candidates are far too apt to be smiling all the time) or frown. The human countenance is not, in nine cases out of ten, a very dense mask. It says a great deal. So does the timbre of the voice—a thing quite distinct from accent. So do the hands. It is on this total impression, deposited almost automatically and corrected by what is said, that each member forms some sort of judgment, and out of their pooled judgments something tolerably fair and real results. Success for the committee or board is a function of this pooling. This is pre-eminently where the good chairman comes in. He does not try to make up his board's mind for them, but he gets from them a consensus. In the majority of cases this is easy. There really, if surprisingly, is a common finding. Where there is distinct divergence he has somehow to level it to a common denominator. It is on the levelled case that error is most likely, but in my experience that process is the exception.

Here one comes back to the question: Should the interview settle the whole matter? On that my own reply would be a decided negative. It is of great use, it is indeed indispensable, as part of the process. But my own feeling would be that it is most valuable as complementary to knowledge of another kind and is useful in as far as it is supported or corrected by that knowledge. When it is a question of promotion the record of past service is available: the work already done, the success achieved, the breadth of experience garnered. Equipped with that knowledge, the members of an interviewing board can attempt to cast light on the personal qualities of the individual whose record is before them and to relate them to the specific needs of the new post.

The limits of competence of interviewing boards have got to be kept in mind by their members. Thus, the lay members of boards making appointments to posts which require a combination of high professional expertness and certain human attributes must not



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imagine that they can judge those professional qualifications from a talk with the man who claims them. At the same time a man may have all the degrees in the world and be the author of the most brilliant scientific treatises and yet be an insufferable colleague or an individual whose face bears the legible traces of cruelty and bad temper. It is by a combination of the two standards of judgment that something near a fair adjudication of competing claims can be achieved.

Since recruitment generally speaking takes place when the candidate's record is too brief and its circumstances, at school or university, too special for the verdict of teachers or tutors to be accepted without correction, the interview is best used as an adjunct to the written test. And the interview in such cases is most useful when the interviewers keep as sternly as possible in mind that they are testing personality and not intellectual capacity *per se*. No hard-and-fast line, of course, can be drawn between the two, yet there are young persons who are unevenly developed, as there are those who possess that odd complex of personal attributes we call "character" who are not very "good at their books," and it is the proper business of the interviewer to assign to them the points on quickness of imaginative sympathy, width of human interest and general likeability which may not emerge when they take pens in their hands, and to do that quite irrespective of whether they are going to do well in their examinations or their tutors have found them dull. In interviewing recruits, therefore, it is very important not to mix your categories; in interviewing for promotion, on the other hand, dealing as one is with more mature subjects, the total impression must be attempted.

All of which suggests that it is by no means easy to find the persons who will, over a longish run, be good at interviewing. There are plenty of brilliant starters, not so many who can keep it up, and at the later stages in an afternoon when thirty odd young men or women have already been coped with, still feel a vivid interest in the human material presented. Interviewing is a delicate and difficult art. On the other hand, to revert to a point already indicated, the overwhelming difficulties which exist if one person is interviewing a long series of candidates, are amazingly off-set when in fact the work is shared out. They are also reduced when it is kept in mind that, especially with the young candidate, a certain margin of time is needed to get the awkward off the mark and prevent the too facile from running away with it. Granted these two provisoes—that there is time sufficient given to each candidate to allow him a chance of proving responsiveness to the approaches of one interviewer, even after he has failed to give out anything to others, and that the personnel of the board is sufficiently numerous and therefore various



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for any predilections of one to be corrected by those of another—then, the interview is an adjunct to the record or the written test which is of immense value. Its value is greatest, or so it seems to me, when it is used *after* the record or the written test, when you have as it were got your field settled by the application of what may be called the professional method, the try-out which determines whether or no the candidate has the mental or expert qualifications without which he should not be considered at all, and then proceed, by collective interview, to choose the human being who will be best fitted to cope effectively with other human beings.

# The Use of the Interview in Recruitment and Promotion

By Mrs. WINIFRED RAPHAEL, B.Sc.

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*[Paper to be discussed at the Summer Conference of the Institute of Public Administration, Cambridge, July, 1937]*

TO say that people have differences in aptitudes is platitudinous, but the fact is not always realised that the assessing of these differences is one of the chief problems in staff management. It is particularly important in staff recruitment where the most suitable applicant has to be selected, and also in promotion where people have to be chosen on account of aptitudes other than those they have already had an opportunity of showing in their work.

Aptitudes are normally discovered either by information about past activities (records of work, references, etc.) or by the observation of present activities. The aptitudes shown by present activities can be assessed either by a set trial (such as a sample of work and academic examination or psychological tests) or by less formal observation which may take the form of an interview.

It would be a waste of time to argue whether references, tests or interviews give the best indication of an applicant's aptitudes. That matters little, for why should one method only be used? What it is important to know is whether each of these methods gives some indication of the aptitudes, and their relative accuracy is only relevant when considering the weighting of the different assessments.

An individual's success at work depends on a number of factors: (1) general level of intelligence; (2) special abilities such as manual dexterity, verbal memory or ability to divide attention; (3) acquired knowledge; (4) interests, character and temperament. Academic examinations measure (1) and (3) and to a lesser extent (2); tests measure (1) and (2), but both of these methods take little account of the very important group of characteristics which come under the heading interests, character and temperament. To use an analogy, engaging applicants on examination and tests alone is like making a

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medical diagnosis based entirely on the reading of the thermometer and cardiograph. To the Industrial Psychologist the need for an interview when engaging applicants for any position is so obvious that it seems hardly necessary to vindicate it, but what is important is to consider how the interview can be conducted most satisfactorily.

It is impossible to have an "omnibus" interview suitable for all types of applicants, for it must be modified according to the specific needs of the job for which the applicant is required. In order to find the qualities to be observed at an interview an analysis should first be made of those qualities of character and temperament which distinguish the satisfactory workers on that particular job from the less satisfactory workers. This essential preliminary is often neglected and applicants are given general interviews in which consideration is taken of the qualities that they do not need to possess. For example, whether a man is "a good mixer" is a quality easy to observe at an interview and the possession of this quality may prejudice the interviewer when the job under consideration is essentially solitary unless a preliminary analysis of the necessary qualities has been made.

The results of this analysis should be embodied in the rating device used for recording the interview. The Institute of Public Administration has given much consideration to various rating systems, so I will not expand this subject here, but it is essential to have a simple rating system for recording the results of the interview in a form which enables comparisons to be made accurately between the judgments of different interviewers.

However good a rating system is introduced, it will be comparatively useless unless care is taken about the technique of interviewing. The essential preliminary to conducting a satisfactory interview is to make the applicants feel as much at ease as is possible in the necessarily trying circumstances. The device of the doctor in supplying papers such as *Punch* in his waiting room should be copied, and the applicants should have a pleasant place in which to wait and be provided with distraction in the shape of magazines, etc. If women applicants are to be interviewed it is well to ask them to remove their hats and coats, so a mirror should be provided. The times of interviewing applicants should be "staggered" so that they do not have too long a waiting time, and, in order to avoid comparison of the questions, applicants should not return to the waiting room after being interviewed.

Whenever an applicant is sufficiently important to be interviewed by more than one person the interviews should be held separately not jointly. Since the success of an interview depends largely on establishing satisfactory personal relationships the unfortunate

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applicant who is being interviewed by a board has his problems considerably amplified. One experienced staff manager has compared an applicant interviewed by a board to a chameleon placed on a plaid rug! There are many advantages in having separate interviews. Firstly each applicant will receive a longer interview, for instance an applicant might be seen by a board for a quarter of an hour, but if seen by three separate interviewers he will receive three-quarters of an hour's interview. Secondly there will be less chance of one of the interviewers dominating the others. Although in any well-conducted board the scores are allotted by the different interviewers before any joint discussion, yet one member with strong personality may even by the nature and tone of his questioning give an indication of his views.

The interview should be kept as informal as possible. The candidate should, of course, be asked to sit down (not in a position obviously facing the light) and be put at his ease by introductory remarks of a general nature. His application form should be before the interviewer so that he need not repeat all the details entered on it of his age, education, previous experience, etc. It is well for the interviewer to start with some questions designed to elaborate the information on this application form, and then to find the applicant's views on his own career and his plans for the future. Since it is somewhat embarrassing to talk all the time about oneself it often helps the applicant if the interviewer gives some general questions—"supposing you are appointed and this happens (describing a possible situation), what would you do?"

The interviewer's task is to make another person speak freely, truthfully and at his ease, and he must modify his procedure to fit each individual. However, he should always be encouraging. He must never appear to think that any information is derogatory or that any manners are poor! If some essential qualification is lacking, his attitude to the applicant should be "how can we get over this," rather than "it is unfortunate that you have not done that." It has been said that an interviewer's success can be measured by his economy of words, but this is by no means always true. Silence in an interview is sometimes more disconcerting than loquacity.

We have spoken mainly of the interview for recruitment. Interviews for promotion have a more limited function, as they can in many cases be supplemented by information on the employee's character and temperament gained by observation of him over a long period. In recruitment one is driven to form conclusions on the basis of observation lasting an hour or less, but whenever possible, as with present staff, the observations should be based on a much longer period. A valuable aid in deciding which of the staff are

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suitable for promotion is to make interviewing an annual procedure so that each member of the staff is kept in constant touch with those responsible for his promotion. Such an interview should be conducted informally, but a record should be kept each year so that information on the employee throughout his vocational life is available. This system is in use in many commercial and industrial firms, but conditions in government service may make the scheme difficult to institute.

Of course an interview should be held with all people immediately under consideration for promotion in order to discover their attitude towards the new job and to corroborate reports received from their supervisors or impressions received at previous interviews. Careful consideration must here be given to the fact that the qualities needed for the new job may be very different from those required in the job previously held and only the relevant qualities must be kept under consideration.

A surprising amount of opposition to an interview being included in the appointment of junior officers is met with in some of the public services, though commercial and industrial concerns almost universally use this method. It is difficult to find the cause of this prejudice. Is it pride in the marvellous record of the British public service of justice and freedom from graft and nepotism? If so one could reply that in well-organised industrial concerns also, these abuses occur very rarely although appointments are almost invariably made on the basis of an interview. Or is it the knowledge that information obtained from an interview cannot be taken as completely reliable? Thinking people can scarcely argue along this line when judgments made on the basis of examinations also so frequently show prognoses far from perfect. In spite of their imperfections well-devised interviews and examinations both give some indications of aptitude, and the summated result of the two methods provide a more accurate assessment than either taken separately. Whatever is the cause of antagonism in the public service to interviewing junior officers it is sincerely to be hoped that it will disappear, for the experience of industry has convincingly shown that interviews are an important supplement to other methods in both recruitment and promotion.

# The Use of the Interview in Recruitment and Promotion

By A. L. N. D. HOUGHTON

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*[Paper to be discussed at the Summer Conference of the Institute at Cambridge]*

OUTSIDE the Civil Service very few people get a job of any sort without being interviewed. The interview is in fact universally used in the recruitment of all forms of labour, from kitchen-maids to full-time secretaries of Civil Service Associations. In many cases the interview is a substitute for some test of qualification, though more generally it is complementary to other evidence of capacity.

In the world of business, commerce, medicine and the law it matters not what a candidate's diplomas, degrees, testimonials or the colour of the old school tie, applicants for jobs are invariably interviewed. We all know why. Employers want to know what sort of people the candidates are; whether they will "fit in," have agreeable manners, possess the requisite personality, drive, and presentability, according to the type of post which is to be filled. In the final stages of selection a candidate's showing at the interview probably determines the result.

In the system of Civil Service recruitment the interview is sparingly used. The four main types of interview which are used in connection with recruitment to the Civil Service are (para. 250, Report of the Royal Commission on the Civil Service, 1929-31, :—

(i) The first type of interview, which is known as selection board procedure, is commonly used to fill specialist posts. Candidates are called upon to produce evidence showing that they possess certain necessary qualifications, but there is normally no written examination in specialist subjects. Appointments are made by the board after interviewing the candidates and a scrutiny of their written records.

(ii) In the second type a written examination in some subject is supplemented by a *viva voce* test. This, we understand, is common practice when modern languages are offered at examinations taken by candidates coming direct from school or University. This test, we think, is correctly described as a *viva voce*.

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(iii) In the third type candidates at an open competition which includes written papers appear before a board whose object is to assess personal qualities which cannot be tested by a written examination. A varying proportion of the total marks in the examination as a whole are assigned to the interview test, and the marks obtained in that test are added to those obtained in the written papers. Normally, there is no qualifying mark in the interview test.

(iv) The fourth type, which has been called the "weeding-out interview," is held in connection with the Foreign Office and Diplomatic and Consular Services. No candidate can compete in the examination for posts in these Services unless he has first appeared before a board and been approved by them. The functions of this board are those of rejection rather than of selection. Appearance before this board is a preliminary to and does not form part of the competition for these Services.

Why is it that the interview test is employed in relatively few cases in the Civil Service when it is common form outside? There are, I think, two reasons. The first and more important is one of principle; the second, one of expediency. It is fundamental that the system of recruitment to the Civil Service must possess the confidence of the public. Not only must the principle of a fair field and no favour be adhered to in fact, but it must have the appearance of being adhered to. Reaction against the evils of patronage appointments in the old days led to the adoption of the present system of open competitive written examinations which has been jealously guarded ever since.

The second point, that of expediency, springs from recruitment on a large scale. The number of vacancies offered each year in the middle and junior classes of the Civil Service is sufficient to attract large numbers of candidates from all parts of the country. The task of interviewing 2,500 candidates for the Clerical Classes, for instance, would be almost impossible, however, desirable an interview test was believed to be. Moreover, even if the principle of "open" recruitment did not make a written educational test essential, the very fact that the field of candidature is so extensive facilitates the adoption by the Civil Service Commissioners of methods of recruitment which would not be effective or economical to the private employer. The competitive written educational test used in recruitment to the Civil Service fulfils part at any rate of the purpose of the interview which is more freely employed outside.

Sir Russell Scott put the point admirably to the Royal Commission when he said, "the Open Competition by written examination is in my judgment far more than a mere test of book-learning. By that test I think that the authorities who have to recruit to situations in the public service may feel fairly confident that they will get grit and determination, intellectual ability . . . . I believe that that test gives you an almost certain guarantee of getting in the candidates who



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take it the quality of what I may call the honourable ambition to excel."

The short history of the origin of the *viva voce* personality test is this. The MacDonnell Commission in their Fourth Report drew attention to the suggestion of a *viva voce* examination, but did not make any definite recommendation on the subject. During the War a Committee set up by the Treasury to consider the scheme of examination for Class I appointments in the Civil Service, recommended that there should be a *viva voce* examination not in matters of academic study but in matters of general interest. The proposal was that the marks assigned under this heading should be added to the marks obtained in the written papers and should form a sort of corrective to the results of the written papers.

Except during the period of special recruitment by Reconstruction Examinations, the interview did not form part of the system of recruitment to any posts in the Civil Service which were normally filled by open competition examination. On the resumption of open competition the *viva voce* was introduced into the examination for the Administrative Class in the Home Civil Service. The abolition of Ministerial nomination for posts in the Diplomatic and Consular Services was followed by the introduction of the *viva voce* personality test into those competitions also. Later it was extended to the examinations for the Tax Inspectorate, Third-Class Officers in the Ministry of Labour, and Officers of Customs and Excise.

In the case of recruitment to the Executive and Clerical Classes of the Civil Service and to subordinate posts generally, which are recruited by means of an open competitive system, there is no such interview test in operation.

The reasons for the introduction of the *viva voce* personality test were given to the Tomlin Commission by Sir Russell Scott, who was then Controller of Establishments at the Treasury, and by Mr. (now Sir) Roderick Meiklejohn, First Civil Service Commissioner, who said, "of late years the immense increase in Governmental intervention in all sorts of affairs had brought the Civil Service more in touch with the public than previously and made it much more important that he should be the sort of person who could get on with people and show appreciation and tact." Describing the qualities looked for at the *viva voce*, he defined them as "alertness and width of interest, general address, good manners, brightness, interest in various things, and sympathy."

The official witnesses who appeared before the Tomlin Commission were subjected to a very close examination by members of the Commission on various aspects of the *viva voce* personality test. Both Sir Russell Scott and Mr. Meiklejohn maintained a strong

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opinion in favour of retaining it. A criticism of the *viva* system came, however, from the Staff Side of the Civil Service National Whitley Council, who raised in their evidence an objection to the use of the *viva voce* test on other than educational subjects. They said that they did not like the extension of this method towards finding out "what is designated as personality." The Staff Side advanced the opinion that "too often the *viva* was reduced to inquiry into the candidate's social status, the school he had come from and what his father did, and matters of that kind." They also felt that the *viva voce* test "did no good whatever from the point of view of the efficiency of the Service" and they asserted that the old written competition on educational subjects was the better method of finding Civil Servants.

One member of the Commission endeavoured to sum up the mood of the Staff Side of the Civil Service on this matter by asking whether the objection to the introduction of a *viva* was based on the possible attitude of mind of the interviewers rather than to the examination by a *viva voce* as a method. The Staff Side witness agreed that that was so.

Both Sir Russell Scott and Mr. Meiklejohn said that if they had a perfectly free hand and had to pay no regard whatever to public opinion, they would introduce into the Administrative Class in the Home Civil Service and possibly for other posts as well, the same system as is now in force for recruitment to the Diplomatic Service. That is, an Interview Board who can secure that the person whom they regard as unsuitable is not admitted to the Public Service. Both thought that it was a weakness in the system that a person who is *ex hypothesi* utterly unsuitable on grounds of personality could get an appointment.

Mr. Meiklejohn was unshaken by members of the Commission who questioned the ability of "any human being to discover in another in a quarter of an hour sympathy and understanding, least of all in nervous candidates of 22." He maintained, and I agree with him, that "there are dozens of things you can find out from a young man in a quarter of an hour."

On the results of experience of the *viva* test, Sir Russell Scott was typically cautious. He was "not in a position to say that it had made any conspicuous difference to the personnel," mainly because the system was then only ten years' old. So far as he could judge, moreover, he "did not know that he could say that one sort (of recruit) was greatly better or worse than the other sort."

The Tomlin Commission, after creditable patience in searching for the truth, delivered its verdict.

As regards the first category of appointments mentioned earlier—

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the specialist posts—the Tomlin Commission endorsed the recommendations of the MacDonnell Commission that such professional situations as could be suitably filled by qualified persons not over 27 years of age should ordinarily be recruited by an appropriate competitive examination, and that all other professional and technical posts should be filled by procedure which should include public advertisement of the vacancy, the submission of all applications to a selection board on which the Civil Service Commissioners should be represented, and the scrutiny of the persons so selected by the Civil Service Commissioners in respect to age, health and character.

With regard to the second type of interview, namely the *viva voce* proper, the Commission had no observations to make. Referring to the fourth type described as the "weeding out" interview which is used in connection with the Foreign Office and Diplomatic and Consular Services, they regarded it as "a reasonable and proper arrangement to which no objection could be rightly taken."

Their main concern was with the third type, namely, the interview which is used to assess personal qualities. Analysing the evidence tendered to them the Tomlin Commission said that "not only was no evidence adduced in support of the suggestion that the interview offered scope for the display of class prejudice, but that the competition results supported the view that no such prejudice exists." They were satisfied that "there were no grounds for any suspicion of this kind." The Commission was, however, given evidence to the effect that on occasions there had been surprising variations between the marks awarded at the interview test to candidates who had competed more than once for the same class. They wisely refrained from entering into the debatable question of the relative reliability of marks awarded at interviews and written examinations. They comforted themselves with the reflection that "every method of testing candidates is exposed to its own particular hazards and that the method of interview was no exception to the rule." They recommended that things should be left as they were and finished up by making a platitudinal recommendation that "the greatest care should be taken in choosing the personnel of Interview Boards, with a view to securing the services of persons who possess the special qualifications and width of experience required for this duty."

All that having been said there remains little I can add except to say what my own point of view is upon some of the issues which arise on this topic. Is the interview itself essential? Sir Stanley Leathes told the Royal Commission that the need for the interview was "the universal experience of mankind." Do we not all agree with him when he said that "nobody in the world would, if he

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could avoid it, appoint anyone to any post without first seeing him and having a talk with him"? Do the Staff Side of the National Whitley Council, who wanted to abolish the *viva voce* test altogether, appoint any of their own staff without first seeing them? Of course they don't.

So far as the Civil Service is concerned it is clearly necessary to use the interview test when reviewing candidates for professional appointments who are beyond the examinable age and who in any case have previously satisfied the standard of professional qualification set by the respective institutes or societies. In those cases there is no other satisfactory way of making a final selection.

In regard to posts which are normally filled by open competitive written examination is the *viva* essential? I should say not. The interview test was not introduced to remedy any conspicuous or even noticeable weakness in the system of undiluted written examination. Nor are the Civil Service Commissioners or the Treasury prepared to say that the results of the competitions are better now than they were. Is the interview desirable? The answer is that we must ask ourselves three questions. First, is it in the public interest? Secondly, can it be made effective, and, thirdly, is it practicable?

In considering the public interest, regard must be had to the need for getting the *best possible* candidates and for devising a method calculated to achieve that result without damaging the impartiality and impersonality of recruitment to Civil Service posts.

In the avenues of recruitment which are now subject to a *viva voce* test it is quite possible that the standard of recruit would be no lower than at present if the *viva* test were abolished. That, however, is not necessarily an argument for its abolition. A comparison between the results of one method of recruitment with another can in any case be quite misleading because the field of candidature to Civil Service posts is affected from time to time by changing economic and social conditions which are entirely beyond the control of the Civil Service Commissioners. The whole point, it seems to me, is that the recruiting authorities must *aim* at producing the best possible results and they must set their standard accordingly.

In considering the desirability of a personality test, the growing and close contact between Civil Servants and members of the public is undoubtedly an important factor. There is in that respect all the difference in the world between the present-day Civil Service and that of fifty years ago. In the world we live in to-day still further extension of State planning, control, expansion of the social services, etc., is bound to widen the area of contact between the public and the public official. It is becoming increasingly necessary to ensure

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that the public official is all that the public expects him to be. On those grounds some scrutiny of the personality and bearing of candidates who are being recruited to hold key positions in relation to the public appears to me to be desirable.

It will be noted that the personality test forms part of the examination for recruitment to the Tax Inspectorate, Third-Class Officers in the Ministry of Labour, and Officers of Customs and Excise—all of them Classes where close contact with the public is an essential feature and forms a very large part of the duties of the officials concerned. The Administrative Class is the field of appointment to secretarial posts to the Ministers, etc., and forms the training ground for heads of Branches and Departments. The written test goes a long way, but not *all* the way, towards establishing a candidate's *prima facie* fitness for such posts.

Is it effective? In the case of the Foreign Office appointments the interview test is a means of rejecting candidates who are considered unsuitable. Wisely and courageously used the test is certainly effective there. In the other examinations the influence of the *viva* is modified by making it part and parcel of the examination as a whole without any stipulation as to qualifying standard. Although that is a little illogical in theory, it works out satisfactorily in practice, for experience shows that the freak case of a very low marking in the *viva* accompanied by a very high score in the written papers is extremely rare. The normal effect of the *viva* in these competitions is to discriminate between very good candidates and better ones—which is presumably the intention.

Is the test fair? I should say that on the whole it is. I certainly do not believe that the *viva voce* test is used as a means of "dishing" the sons of working-class parents. I do realise, however, that the composition of the Interviewing Board is the core of much criticism of the system. Interviews are unobjectionable when we conduct them ourselves. It is the other folk who go wrong. The personnel of the Interview Boards is drawn from widely different sources, but it probably reflects conventional social values. Class prejudice, political bias, social snobbery and other evil tendencies may be suspected in any Interview Board. Does this mean that a *viva* test should not be imposed because nobody can be trusted to conduct it properly? The degree of confidence we have in the Interview Boards must rest upon what we know of the way they do the job. I have had the opportunity of making fairly close observation of the *viva* results in the case of some hundreds of my own members who have been candidates at the Limited Competition for the Tax Inspectorate in which there is a *viva voce* test conducted by the Civil Service Commission. I have not heard a single complaint about the

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way the interview has been conducted. Having personal knowledge of many of the candidates, I have been able to scrutinise the *viva* marks and check them up with my own estimate of the people concerned. On the whole I have been agreeably surprised at the degree of correspondence between the Interview Board's estimate of personal qualities and my own. In several cases where the *viva* marking has excluded candidates from the list of successful candidates, I have no quarrel with their judgment.

Is it practicable? In the case of the existing examinations it obviously is, but if it were proposed to extend the *viva* test to examinations drawing large numbers of candidates this factor would be all-important and exceedingly difficult to overcome.

Is it desirable to extend the *viva voce* test to other examinations? Administrative Class officers, Tax Inspectors and the like are not the only Civil Servants who come into contact with the public—the subordinate staffs in such offices as Employment Exchanges, Tax Offices, County Courts and the Board of Trade are in daily touch with the public. Many members of the Clerical and Executive Classes elsewhere undertake similar duties. Should the *viva voce* personality test be extended to these examinations too? I doubt whether it would be worth while either from the point of view of desirability or of feasibility—the magnitude of the task would be out of all proportion to its value and importance. Not every member of these staffs comes into contact with the public. Moreover, the Classes are so large that sifting can be undertaken after candidates have had some years' experience and can be judged on the personal qualities requisite for particular types of work.

I also agree that it would be undesirable to apply the Foreign Office system to the other examinations in which the *viva* is already in use. However illogical the present arrangement, considerations of public confidence outweigh the advantages of an extension of the "weeding out" interview.

To sum up, the findings of the Royal Commission coincide with my own views. That does them great credit.

\* \* \* \* \*

I will now pass on to the second part of the paper and deal with the use of the interview in promotion procedure. As far as my knowledge goes the interview in connection with promotions takes the form of a personal hearing at the appeal stage and is not part of the method of selection followed in making the initial promotions. Actually, of course, Promotions Boards or Committees, especially in the smaller Departments, have the advantage of some degree of personal knowledge of the candidates under review.



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In the larger Departments, however, this is clearly not the position and it is the exception rather than the rule for members of the Promotions Boards to have any knowledge of the candidates beyond that given in the written reports by superior officers which form the substantial material upon which they have to form their judgment. In some Departments I believe it is the practice for Promotions Boards to interview candidates before making the promotions and to dispense with the facilities for personal hearings on appeal. Even in Departments where that is not the normal practice Promotions Boards have been known to reverse the established practice in particular cases.

In the Inland Revenue Department it is not the practice for Promotions Boards to see candidates when considering the initial list of promotions, but the right is usually given to every appellant who so desires to attend for a personal hearing to supplement orally the representations which he has already made in writing. The difference between an officer who is being considered for promotion and one who is a candidate for entry into the Civil Service is obviously that a good deal is known about the one and very little about the other. Serving Civil Servants are the subject of annual reports for promotion purposes and, as is well known, the report form provides for an expression of opinion by Reporting Officers upon qualities of personality, character, manner and address, and tact. In some cases these reports constitute a chain of evidence over a long period by the same Reporting Officers and in others, where there has been a certain amount of movement, a series of reports by different Reporting Officers. In all cases, however, the Promotions Boards are not without a good deal of evidence regarding the personal qualities as distinct from intellectual ability and paper efficiency.

For promotion to relatively subordinate posts I would not consider it necessary for Promotions Boards to check the validity of the annual reports by instituting a system of interview before arriving at a final conclusion upon an officer's fitness for advancement. Many posts to which promotions are made do, however, call for high personal qualities, more especially those which involve contact with the public or the supervision, leadership, and training of subordinate staff. For such posts I question very much indeed whether it is safe for Promotions authorities to rely entirely upon the written reports before them. The difficulties of obtaining uniformity and proper perspective in the operation of the system of annual reports in the Civil Service are sufficiently appreciated not to call for any detailed reference to them here. Where personal qualities are a *sine qua non* I think that in making a final choice from amongst candidates who have already been sifted by reference to their annual



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reports, uniformity of standard and wise selection demands that the Promotions Boards should see the candidates themselves. Not only does such an interview enable the Promotions Boards to check the validity of reports upon personal characteristics, but they can also act as a corrective to reports on other qualities.

The system of not having a personal interview prior to making initial promotions, but only at the appeal stage, is open to criticism. In my opinion it is desirable that sifted candidates should be interviewed *before* the promotions are made rather than leave the interview for use solely in connection with the review of appellants. I am quite satisfied from intimate acquaintance with the working of the system in the Inland Revenue Department that a number of people have been promoted in initial lists without interview who would never have got it had they been compelled to go through the appeal procedure. It is unfair that the appellant should submit to an ordeal which a promotee in the initial list escapes.

The criticism of the interview system in connection with promotion which is constantly voiced alleges that the choice of candidates for promotion, arrived at after an interview, may disregard or even nullify the accumulated evidence of years. Officers feel that by the time they come to be reviewed for promotion they have behind them a number of years' service, and the reports made upon them should be sufficient evidence for the Promotions Boards to make up their minds. They feel that they are exposed to all the hazards of a personal interview, must stake their prospects of promotion on twenty minutes or half an hour of oral examination by a Promotions Board and take the risk, not only of not doing themselves justice, but of doing themselves a good deal of harm. That, I think, is a mistaken view and springs probably from a lack of appreciation of how Promotions Committees do their job. The interview is not the sole basis of the final choice. It is complementary to the volume of evidence already before the Promotions Board in annual reports and possibly from other sources. It is not the Promotions Boards which place undue weight upon their interview but the candidates themselves. They believe it to be a much bigger factor in selections for promotions than it really is. The plain truth about any promotions system is I suppose that only those who get promoted have very much confidence in it, but looking at this problem from the staff point of view, I am convinced that the promotion of officers to posts calling for qualities of leadership, fair-mindedness, good relations with staff and public, from written reports alone, has resulted in the advancement of many people in the Civil Service to posts which they are quite unsuited to hold. The damage that such people can do to the repute

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of the Service and to the morale and efficiency of the people below them is incalculable.

I should like to see a system of interview for promotion prior to promotion made universal in the Civil Service in respect of all posts where personal qualities are indispensable to the satisfactory discharge of the responsibilities attached to them.

Candidates for promotion to higher posts may not like the idea, but the staffs who have to serve under them certainly would.

# The Use of the Interview in Recruitment and Promotion

By Miss J. M. ROBERTSON, M.A.

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*[Paper to be discussed at the Summer Conference of the Institute of Public Administration, Cambridge, July, 1937]*

I PROPOSE to deal with the type of recruitment with which I am particularly concerned, that is to say, the engagement of women and girls for factory work. I am speaking of the methods used at the Rugby works of the Company to which I am attached.

The large majority of girls engaged are inexperienced in the work and have to be trained. We do not at present use any intelligence or dexterity tests, so that the interview is the measure we use in the engagement of our girl labour. All girls entering the main factory are interviewed by me, and I am their first contact with the organisation. There is a standard form which is filled in for each applicant with the brief necessary information, regarding age, previous experience, etc. With juveniles their school record card is scrutinised (and in this connection I may say that I believe it is possible to choose too intelligent girls for simple repetitive jobs, so that academic qualifications are not rated too highly), and with those who have been previously employed a reference on a standard form is obtained from their former employers.

The same facts therefore are recorded about each employee, but the real use of the interview is to find out what the particular applicant has to offer as an employee, and to put before her what the firm has to offer to her. Each prospective employee is told exactly what her wage will be, and what she may expect to earn in the next few years, what her working hours will be, what the conditions of work are, and as nearly as possible what type of work she may expect to do, and if she is interested she may be taken into the works and shown the actual work in progress. She is told at the interview about the various welfare activities which are carried on, and she is given as clear a picture as possible of the kind of life she may expect to lead if she

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joins the Company. She is encouraged to state her likes and dislikes, and the kind of work she prefers, so that as far as possible she may be fitted into the kind of work which is suited to her, and in which she is going to be contented.

If as the result of this interview she is engaged, before actually starting work, she is given a general outline of the factory organisation, and her relationship to other members of the organisation. She is told how to act in various situations, is shown the ambulance rooms, canteen, etc., is warned of dangers and risks in the factory, told to whom she is responsible, and given a book of works rules. In every way her position is made as clear to her as possible at the final interview. She is made to feel that she is an integral and important member of the organisation; that she is a "person," whose ideas and reactions are important. It is made clear to her how to set about having a grievance put right should she harbour one, and the various grades of official for whom she will have to work are explained to her.

I once interviewed a young girl, who when asked why she had left her previous job, replied that after she had been working with the firm for two weeks, she inquired why she had received no pay, was told by the foreman that she had never been engaged, and that no one knew she was there!

This is an exaggerated example of what may happen, but it seems to me very important that not only should every person feel quite sure that she has been engaged, but there should never be the slightest doubt in her mind that she has been noticed.

The preliminary interview is the first contact of any worker with a new firm, and it is possibly the impression of the firm which she will carry throughout her working career; it is important therefore, that she should get a good impression and a true one.

These interviews are held in the Welfare Department, and by the Lady Superintendent, so that the entrant knows from the start where that department is, and what use she can make of it. She has had the conditions of her employment explained to her, the method of payment of wages and so on defined to her, so that later on should she have any doubts that the bargain she entered into is not being carried out, she will bring her grievance, real or imaginary, to the Welfare Department as the place where she began her career, to have it rectified.

That then is the importance of the original interview: that the seeker for work should be told very clearly and definitely exactly what the firm has to offer, what will be expected of the new employee entering the firm, and what she may expect in return. There should

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be nothing woolly about this interview, and the new entrant should be given an idea not only of her immediate expectations, but of her future expectations.

In a firm such as the one to which I am attached, there is a great demand for labour which cannot be met by the local supply, and it is necessary to employ numbers of people transferred through the Ministry of Labour from the Special Areas. There is a finer sieve for applicants of this type to pass through before being engaged. Particulars of the vacancies are circulated nationally by the Ministry of Labour and notices are posted in the local Employment Exchanges. Anyone interested applies for information to the Vacancy Officer in their own Exchange, and suitable candidates for submission are selected by the local officers. This preliminary weeding out is of enormous value, as the officers in the Employment Exchanges are very often in an excellent position to judge from an applicant's previous record of employment whether she is likely to settle down to work away from home.

When an Exchange has a number of apparently suitable applicants they supply me with particulars and I visit the Exchange and interview each applicant individually, but first I generally interview all applicants in a group, outlining the plan we have in operation for dealing with girls away from home and describing exactly what the firm has to offer. Every possible aspect is touched on. I have learned by experience the necessity of giving as full account as possible of the conditions to which they are coming and giving details of such things as lodgings, trains to travel by, social amenities, types of amusement to be found in the town and in connection with the works, names of other girls from her town already in the factory, and so on. This is gone into in great detail, so that there can be no doubt in the mind of any girl as to what she is coming to. Questions are invited from anyone in the audience. Then, after this first explanation, anyone who feels on thinking it over, that she would like to be considered for transference, is interviewed separately by me. The girl is invited to bring her parents or guardian to this interview if they would like to come. I am in possession at this interview of the bare facts of applicant's previous employment, length of service, reason for leaving, etc., supplied by the Employment Exchange.

This interview is a mutual exchange. I explain again any points about the scheme which the applicant may not understand and answer any questions she may wish to ask. In this interview it is necessary to judge not only the character of the applicant, but also her parents' attitude towards her leaving home, as this is a most important point in determining whether she will settle down in new surroundings at

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a distance from her own town. This interview is a fairly long one, and an effort is made to get the girl to talk of her home life, whether it will be wise to leave her parents, and to discover if possible whether she is a person with wide interests who would attach herself easily and happily to one of the clubs or social activities which are run in connection with the works, and thereby escape loneliness, also whether her parents are likely to help or hinder her in her new life. It is best here to find out whether she has any friends with whom she would like to travel or to share lodgings, or work with. It is made as clear to her as possible exactly what she is coming to, and there is no point too trivial to be worth mentioning at this interview, in connection with the prospective new life and surroundings. The person who interviews her is the same person who will meet her at the station on her arrival, take her to her lodgings, and finally start her in her new work, and one of the important results of this interview is the personal contact for the applicant with someone who is going to be a factor in her new life, so that she gets a feeling of continuity between her old life and her new.

Any idiosyncrasies are noted at this interview, and in the case of anyone with a medical history which seems doubtful, a further medical report is called for. From these interviews a final selection is made, and the Senior Woman Officer or the Vacancy Officer of the Employment Exchange is consulted about each, and her opinion is also taken into account in making the final selection of those to be engaged. One of the most important features to be noted about this interview is that the applicant herself should be anxious and willing to come, and that there should be no cloud in her mind as to whether her parents might not manage without her, or whether she would be well enough to come, and so on. It is endeavoured to make this as frank an interview as possible on both sides, so that the applicant is left in no doubt as to what is expected of her and what difficulties she may expect to find at the outset, and she in turn is encouraged to state frankly whether she really wishes to leave home and thinks she can do so freely. There is no doubt in my mind that a personal interview with an official of the firm before engagement is of inestimable advantage to both parties concerned in the transfer. Lest there be any doubt remaining about conditions, wages, etc., those girls who are engaged are subsequently sent a standard Engagement Letter re-stating the hours of work, rates of pay, etc.

These are the essential factors in the interviewing of girls for work in the factory. Not very many opportunities occur for this class of labour to be promoted in the works, as there is a standard schedule of increases according to age, so that interviews are not so frequent

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in this connection. When cases do arise, an interview, plus the opinion of the foreman or superintendent is used.

There are various other lines of recruitment, to office posts and so on, but throughout the same principle prevails. The main feature of the interview is that it should be a mutual exchange of information. The applicant should be given the chance of displaying his abilities and stating his preferences and asking any questions which may occur. In return he should be told what is expected of him if he joins the organisation, what part he will be expected to play and what he may expect in return, and made to feel something of the general spirit which prevails, so that the new employment may be entered into with a feeling of confidence.



# The Use of the Interview in Recruitment and Promotion

By F. STEADMAN, F.I.M.T.A.

*Chief Financial Officer, Surrey County Council*

*[Paper to be discussed at the Summer Conference of the Institute at Cambridge, 1937]*

THE use of the interview is largely dependent upon the system of recruitment, and, as one would expect, assumes a greater degree of importance in cases where the scheme of recruitment and promotion is undeveloped.

Whilst there has been some improvement of late years, I think it must be admitted that the criticisms made by the Hadow Committee against the methods of appointment to the Local Government Service still hold good.

With no co-ordinated plan of selection the interview becomes all important, and whilst there are certain advantages in this procedure, there is always the danger of a well-cut suit and a glib tongue carrying the day against real ability.

Local Government candidates, with the exception of juniors, are interviewed with reference to their suitability for a particular post in a particular department, whereas I assume that in the main the civil service interview is part of the general examination to test suitability to enter the service.

I know that there are arguments on both sides and breadth of outlook may be considered quite as important as specialised knowledge, but I think that given the right material in the first place the Local Government method might prevent square pegs getting into round holes.

A form of interview peculiar to Local Government, but now I think somewhat on the decline, is what may be termed the "deputation interview." It applies mainly to the appointment of chief technical officers. The theory is that the capacity and organising ability of the candidate can best be judged by seeing the work and organisation for which he is responsible. Practice does not always conform to theory; much depends upon the ability of the deputation to see beyond

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the surface of things, much more upon the type of reception extended by the candidate's authority, but given a deputation possessed of a certain amount of technical knowledge and a desire to be strictly impartial, this method should prevent appointments from being made purely on face values.

It is difficult to generalise about recruitment methods of local authorities because every authority is as yet a law unto itself, but I think it can fairly be said that—

- (1) patronage has largely disappeared;
- (2) it is becoming more and more necessary for the entrant to local government to possess a certificate as to educational attainment;
- (3) the practice of setting up Establishment Committees is growing.

As one might expect, the system of recruitment for the London County Council, on account of its large staff, more closely approximates to the Civil Service method than does that of any other local authority. They recruit their general grade clerkships from candidates who are over 16 but under 17 years of age. A written examination is held annually and the candidates successful in this examination are interviewed by a Committee consisting of the Chairman of the Establishment Committee, the Clerk of the Council and one other head of a department. This Committee must be unanimous to reject a candidate whose place in the examination would otherwise entitle him to an appointment.

The major establishment appointments are made from—

- (i) external candidates over 18 and under 20 years of age; and
- (ii) internal candidates over 18 years and under 22 years of age.

A written examination is first held and those candidates reaching a sufficiently high standard are interviewed by a Committee, and marks not exceeding 10 per cent. of the total number of marks obtainable at the written examination may be awarded as a result of the interview. It should be noted that two of the three members of the Committee are officers and this is probably desirable where marks are to be awarded.

This method of recruitment though possessing many good points carries with it the dangers inherent in all systems of intensive in-breeding and the fact that many important posts under the Council have recently been filled externally proves that the Establishment Committee are alive to the value of crossing the strain.

The scheme outlined has reference to the "administrative and clerical grades" only, appointments to the professional and technical grades being made by the usual method of public advertisement and interview (presumably by the employing committee).

The authority I serve (Surrey County Council) has of late years

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given considerable attention to the problems of recruitment, so if I describe our methods in some detail it may form a useful peg upon which to hang discussion.

It will be seen that the interview appears at many points and is used to supplement staff records and departmental reports.

The keystone of the structure is the Establishment Committee, which is charged with the general supervision of all staffing matters.

This Committee settles strength of establishments, appoints all county officers (other than certain technical officers) and approves all salary grades.

A sub-committee of five members forms a Staffing Board which deals with the actual appointment, promotion and regrading of all officers receiving not more than £400 per annum.

In practice applicants for junior clerkships or for appointments in the "typing pool" are first interviewed by the Establishment Officer or Superintendent of Typists respectively. This preliminary interview weeds out unsuitable candidates and also provides a waiting list from which future appointments may be filled. Co-operation with the Secondary Schools and Technical Colleges provides a steady supply of applicants, although there is the danger of drawing too freely from one source of supply. We have tried to apply a certain corrective to this to which I will refer later.

With regard to appointments above the rank of juniors (*i.e.*, over 21 years of age with a maximum salary of not more than £400 per annum), one of the main functions of the Staffing Board is to decide whether the post should be filled by advertisement or by internal promotion.

By virtue of the "Annual Staff Survey" (to which several days are devoted), the Board is in possession of information concerning the qualities and abilities of the staff as a whole and not merely on a departmental basis. Inter-departmental transfers have therefore been much more frequent than obtained prior to the appointment of the Board.

All examination successes gained by members of the staff are entered on the record cards and reported to the Board. Officers, especially junior officers, who show special merit are "starred," their careers particularly watched, and should a vacancy arise in any department they are the first people to be considered. The aim of the Board is to build up a general reserve of ability and to train junior officers in the service for the more senior positions.

No posts are filled by outside advertisement unless the Board is satisfied that there is not a suitable person on the existing staff or that an external appointment is in the best interest of the department.

It might be mentioned in passing that my authority does not

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favour the granting of special salary increases for examination successes; it is considered that the officer should look for his reward to the greater possibility of promotion which his certificate affords.

It should be emphasised that heads of departments have free access to, and attend, appropriate meetings of the Staffing Board. It is the practice at interviews for the more technical questions to be put to the candidate by, or at the instance of, the head of the department, and the more general questions to be asked by members of the Board.

This concentration of appointments under one Committee has many advantages, not the least being that the Board in time develops an interviewing technique and loses the departmental outlook which too often affects appointments by local authority committees.

Another important advantage of the Board being so limited in numbers (the average attendance is about three), is that the candidate is not overawed by a sea of strange faces and feeling more at home is better able to demonstrate his suitability for the post he seeks.

A small committee is also more likely to appoint the best candidate. Interviewing for a particular post is more difficult than merely testing general ability, and it is by no means easy to decide which of perhaps a dozen applicants is the right man for the job. In an endeavour to be strictly impartial candidates are generally interviewed in alphabetical order of names, and it is asking much from the average councillor to expect him to keep a perfectly balanced judgment and a clear mental picture of Mr. "A" down to Mr. "Z." Very often either first or last impressions carry too much weight and if, in addition to this, there is a large committee and many divided opinions, it is really necessary to have quite a scientific method to ensure that a candidate is not appointed on a minority vote.

The Board sometimes interviews members of the staff for purposes other than promotion. For example, in the salary grade for general clerical assistants (£130/£260) there is a "proficiency bar" at £200. Before an officer can pass this £200 mark, the head of the department must submit a special report. Should this be unfavourable the officer would generally be interviewed with a view to censure, encouragement to do better work, or transfer to a more suitable post in another department.

Senior appointments (*i.e.*, chiefs, deputies, etc.) are made by the Establishment Committee, which always co-opts three members of the committee concerned. Whether these posts should be filled by internal promotion or externally is always a moot point. Much depends, of course, on local circumstances, but I personally feel that the service is generally improved if either the chief or the deputy is appointed from outside. Perhaps the ideal is to get an efficient and fairly young

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deputy, who, on the retirement of his chief, can be promoted on merit. Interviews for these posts assume a much greater importance than those for the general staff. The selection of a "short list" of candidates is generally left to two members of the committee advised by the appropriate chief officer. The candidates selected are then interviewed by the "sub-committee" which reduces the number to appear before the main committee to three or four. In Surrey the main committee then makes the appointment subject to the approval of the Council.

In other authorities it is quite common, in the case of appointments of chief officers, for two or more names to be submitted, sometimes in order of committee preference, to the Council, which has then to make the final choice. In these circumstances the candidates appear before the full Council. This is a trying ordeal unless one is gifted with the power of oratory.

There is one point relating more to recruitment than interview to which I should like to refer, viz., the great danger to the future of the local government service if recruitment is limited to candidates from elementary and secondary schools. I hold no brief for the "varsities" or public schools and quite often the product of the secondary school gives better results, but in these democratic days when the brilliant boy can go from the elementary school to the university, it seems contrary to common sense first to encourage him to get his degree and then practically debar him from entering an important public service.

In Surrey, by accident rather than any set design, we have avoided this pitfall. The enormous expansion of the Council's activities in the last seven or eight years has necessitated such an increase of staff that recruitment merely from secondary schools would have been quite impracticable. We have consequently drawn upon commerce, the professions, public schools and the universities. The majority of entrants will of course always be from the secondary schools, and I am not in favour of endeavouring to establish an "administrative" class recruited from one special source, but given strict impartiality in matters of promotion, this widening of the field must, I am sure, be in the best interests of the service.

I have not attempted to deal with the psychological and human aspects of the interview as I am sure that the writers of the other papers are more competent to put these points of view before the Conference. I am also conscious that my remarks deal rather more with recruitment than with the interview proper, but if a broadening of the discussion results, then a useful purpose will be served.

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## Problems and Solutions in America

*Better Government Personnel—Report of the Committee of Inquiry on Public Service Personnel.* 182 pp. (McGraw-Hill Publishing Co.) 10s. net.  
*Public Service and Special Training.* By LEWIS MERIAM. 83 pp. (University of Chicago Press and Cambridge University Press.) 7s. net.  
*Public Administration in the United States.* By HARVEY WALKER, Ph.D. 698 pp. (Farrar & Rhinehart, New York.) \$3.50.

THESE three volumes dealing with matters of public administration come from the United States. The first, on Better Personnel, is a report by a committee appointed by the Social Science Research Council. A concise summary of the recommendations is given in the opening chapter, and these are discussed in subsequent chapters and some appendices provide instructive statistical and other information on the public services of the United States. Some members of the Institute had the pleasure of discussing problems with representatives of the committee when they visited this country; the members include Mr. Louis Brownlow and Professor Meriam, with Dr. Luther Gulick as secretary and director of research.

The principal recommendations of the committee are—a "career service system" for federal, state and local government; a special personnel department for each large governmental unit; division of the public service "into ladders for which young men are normally selected to start on the bottom rung," the tops of the ladders to reach "posts of real eminence and honour"; entrance on a competitive basis, with recruiting "articulated with the American educational system," a real probationary trial, and advancement by merit; "security against dismissal or demotion for trivial, personal, religious, racial, political or other arbitrary or extraneous reasons"; co-operation between federal, state and local agencies for joint preparation and conduct of examinations and joint use of eligible lists of candidates, and for the development of technical studies; more research into the technical problems of personnel administration; "the extension of the merit system under the supervision of the United States Civil Service Commission, wherever practicable, to the personnel of state and local agencies receiving or expending federal funds, as a condition of the grant, with the power to utilise existing local civil service agencies which are able and willing to meet



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standards set by the United States Civil Service Commission"—a recommendation that will shock stout defenders of local government rights!

Though the merit system prevails much more widely in the States than is generally realised in this country, even by informed persons, still it prevails much less than here, for reasons of different social conditions not of virtue. With the recent enormous expansion of government in the States it has become more than ever necessary that administration shall be at a high standard, and the report comes at an opportune time. It is no airy picture of Utopia, of which so many are exhibited in these days of panaceas, but a considered document after long investigation, making it well worth perusal in this country.

Will it succeed in effecting needed reforms in the United States? Inroads will no doubt be made into the present vast territories of patronage but, unless a quintuple dose of grace falls on the land or it be stricken with a panic fear of bad government, an unlikely miracle, the warfare is likely to continue one of attrition for yet a long time, but this report should help speed the attrition.

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The second book, on Public Service and Special Training, is a refreshing volume. It consists of a series of lectures at Chicago University by one of the most suggestive of American writers on public administration. We in this country will generally agree with Mr. Meriam that public administration should be taught primarily as a cultural, not as a vocational, subject, and that the practice of public administration is to be learnt in the doing. Many will consider, however, that the author fails (partly perhaps from the rather narrow range of his own personal experience in administration) to appreciate the dangers of specialist bias in administration—which is not to say either that professional men cannot make good administrators or that administrators as a class do not need to be more inoculated with the "scientific" spirit. Mr. Meriam also seems to ignore, or at any rate does not mention, the importance of some system which will make possible early choice of men of exceptional administrative ability, with early promotion to posts of high responsibility. These are just a few criticisms by the way of a volume, commendably short, which the writer enjoyed reading—which is something to say in these days of too many dry books.

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The third volume is by Dr. Harvey Walker, well known to members of the Institute. It is of the class of volume of which the production appears to be almost a moral obligation upon professors of American Universities. It is a hefty volume, ranges over a wide field, is a mine of information and must have required great labour

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for its compilation. Its object, with a previous volume on "Law Making in the United States" is stated in the preface to be to present "government to elementary students on the functional basis of 'politics' and 'administration.'" Each chapter is followed by a list of questions, or "projects," on its subject and by an extensive bibliography—one of which, by the way, refers in pleasant compliment to "this admirable journal," being that of the I.P.A., with the advice that "it should be read . . . by all serious students."

Perusing volumes of this kind, the writer finds himself constantly wondering, as one convinced of the value of public administration as a subject of cultural education, whether we are on the right lines. Are we not in the stage of history when it consisted chiefly of dates and other facts (or supposed facts, because a social fact is not a fact except in its right setting)? The ability, to take an extreme example not intended by any means to indicate the scope of Dr. Harvey Walker's volume, to rattle off the strange, and somewhat unhappy, brood of agencies hatched by the Rooseveltian administration would deserve as few marks, and they would be few indeed, as that to pipe off a list of English kings—which most of us older persons can still do with a swing, at any rate from William the Conqueror, though perhaps hazy about some of the dates! What is this public administration which we desire to be "taught"? At any rate it is not a dictionary of laws, of governments and organisations and practice, whether in skeleton or in amplitude. Not mere knowledge but understanding and thought must be the objective. I have made these remarks, not in criticism of this particular volume, but to raise a question which is as yet far from being truly answered.

G.

## **Public Enterprise**

By WILLIAM A. ROBSON. Pp. 403. (George Allen & Unwin.) 12s. 6d. net.

THE present reviewer has previously drawn attention in the pages of this journal to the lack of any adequate comprehensive account of the growing number of public boards which have been so marked a feature of post-war administrative development in this country. Indeed, our own experiments in this field have been more closely studied by economists and writers on political and social science (and notably by Dr. Dimock) in the United States than at home. Special articles or lectures by some of those associated with these enterprises have thrown an interesting light upon their origins and objects, but there is justification for the claim that this book constitutes the first serious attempt to investigate all the leading examples of the Boards and

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Commissions established during the last 30 years. The net has been thrown wide enough to catch the Forestry Commission, the re-organised Post Office, the Coal Mines Re-organisation Commission and the organisation of the Co-operative movement, as well as the P.L.A., the B.B.C., the C.E.B., and L.P.T.B., bewildering symbols which are gradually becoming household initials to the modern citizen.

As the Editor himself remarks, the individual studies of which the book is composed reach "a fair level of objectivity and accuracy in the presentation of facts, despite the unevenness inevitable in a book of this kind." Among the contributions, that of the Editor on the B.B.C., and that on the Central Electricity Board by Graeme Haldane are particularly interesting and well-informed. Some of the contributions include ephemeral details; all of them show a certain bias or, as the Editor prefers to put it, reflect certain basic ideas and assumptions of what is desirable, shared by the contributors, who are members or associates of the political section of the New Fabian Research Bureau.

It is claimed that a scheme of collaboration between those who think more or less alike must have advantages over one in which writers holding different political philosophies each deals from his own angle with one or other of the different Boards. The scheme of treatment actually adopted is thus justified on the ground that the alternative would fail to erect "intelligible signposts by which to estimate the progress of the journey." But is it really beyond the grasp and time of someone suitably equipped in one of our universities to produce a comprehensive text-book covering all the organisations requiring to be examined and written from a scientific and detached point of view? The principles upon which such Boards should be constructed and conducted offer an inviting topic, and Dr. Robson is only half convincing, and perhaps only half convinced, when he boggles at the size of the task as being beyond the capacity of an individual.

Meanwhile, he has greatly enhanced the value of the nine separate contributions made under his editorship by including in a final chapter a critical commentary upon some of the main features of our public Boards as they exist to-day. Here he has rightly focussed attention upon those bodies which have been entrusted with the conduct and operation of an industry or utility, rather than upon those which exercise functions of regulation or planning.

We are reminded that Lord Haldane's Committee on the Machinery of Government pronounced emphatically against the plan adopted in the case of the Insurance Commission whereby no explicit

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statutory provision was made for a Minister being responsible to Parliament for their work. The Insurance Commission has since been departmentalised, but in many other instances the tide has set strongly the other way. Has Parliament gone too far in surrendering control and has the consumer lost any effective means of influencing the conduct and policy of undertakings of which the whole object must be to serve him? "The complex technological problems involved, the need for a spirit of boldness and enterprise, the desire to escape from the excessive caution and circumspection which day-to-day responsibility to Parliament necessitates, the recognition that the operation of public utilities and industrial undertakings requires a more flexible type of organisation than that provided by the ordinary Whitehall department" have led to the device of the more or less autonomous public concern. Dr. Robson regards as sound the political instinct which has accepted this device. But he argues that there is need for strengthening public control over major lines of policy. To this end he urges that the appointment of the members of all such Boards should be made by Ministers, although he recognises that in such a case as that of the Port of London Authority appointment by the immediate consumers of the service is a workable and useful method, since those consumers form "a small, coherent, easily defined group of similar interests." He objects to the expedient of a body of appointing trustees, to which resort was had in the final stages of the Bill setting up the London Passenger Transport Board, and which he condemns as "absurd." One defect to which he does not call attention is, that these *ex-officio* trustees hold office in their qualifying capacity for very short periods, usually not more than one year, and that the trustees are therefore a constantly altering body.

In regard to the executives of the Boards themselves, Dr. Robson approves the practice of making the chairman of the Board also the chief executive.

In return for the relinquishment of the day-to-day supervision which can be exerted over a department of State, he thinks that Parliament should have opportunities for regular inquiry and full discussion of the policy and performance of the various services entrusted to the new type of public concern. The annual reports which most of these bodies are required by statute to submit are not always informative (that of the L.P.T.B. is singled out for commendation), and, as he observes, it is asking too much to expect great undertakings to draw attention to their own weak points, even if they are fully aware of them. He proposes, therefore, the establishment of an Audit Commission, to hold efficiency audits at regular intervals

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with the aid of a staff of research assistants who would examine all the relevant material and collect information about comparable undertakings of a similar character at home and abroad. This Commission would consider the character, quantity and quality of service required, rates and tariffs and a variety of other questions. The practicability of such a generalised efficiency audit is very doubtful and in view of the friction and antagonisms which the existence of such a body would provoke, it is unlikely to be set up. The circumstances of the different Boards vary widely. In some cases, the natural exponent of the consumers' point of view is the local authority, and in London passenger transport local authorities have ample machinery at their disposal for bringing their views and representations as to the need for new and improved facilities to the notice of the Board. A dissatisfied travelling public can be very readily vocal, and the management, like its traffic receipts, may be expected to be sensitive to public demand for comfort and convenience. The Central Electricity Board, which deals not direct with individual consumers but with authorised undertakings, has established a valuable consultative machine. Some interesting and pertinent comments are made in the course of the volume upon the importance of safeguarding consumers' interests against the risk of autocracy in vast monopolistic institutions. It is a crucial point, which needs watching.

Dr. Robson endorses the criticisms of some of his contributors upon the basis of compensation adopted in certain cases and favours some device whereby compensation payments can be adjusted periodically to an index of interest fluctuations. He agrees with most of his contributors in suggesting that the personnel and staffing of public Boards requires to be systematised and that at any rate the principles of the Civil Service Commission should be applied so far as possible. Finally, he favours the creation of a central planning organisation to control the relationships between the various Boards and commissions which now deal with services related to one another. "Democracy at one remove may be a desirable objective in the day-to-day operation of these highly technical services, but it should not be at more than one remove; and ministerial control over the large-scale plans and general lines of policy is essential just because the public boards are left free to work out the detailed application of these plans in their own manner."

The general attitude of the contributors to this useful book is favourable to the policy underlying the formation of public boards and by no means unfriendly to their managements. It is to be welcomed as breaking new ground. The value of the volume is to be found both in the collection of information, ranging over nine

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different types of public concern, which it contains, and also in the series of suggestions and criticisms which the various writers bring to bear upon our public boards at a formative stage of their existence. The particular expedients advocated are not always such as are likely to win general acceptance, but the important thing is that there should be an active interest in the policy and management of organisations which count for so much in the national life. Dr. Robson and his collaborators have rendered a service to the public and to those who seek to establish this new type of administrative instrument, and indeed to those engaged in conducting such of them as already exist, by having covered so much ground and by having handled their respective themes so thoroughly and so boldly.

C. W. H.

### Flexible Budgeting and Control

By D. J. GARDEN, M.A., B.Com., Ph.D. Pp. xii + 244. (London: Macdonald & Evans.) 7s. 6d.

DR. GARDEN of Manchester University has conferred a distinct benefit on industry in furthering the theory and practice of industrial budgeting. As Sir Josiah Stamp in his foreword to the work points out, "even an experienced maker of budgets will peruse his scholarly work with pleasure and profit."

The author views the problem in no narrow sense:—

"Complete budgetary control, thus understood, comprises in manufacturing industry, for example, the forecasting of sales, the planning of purchases, stock-levels and production in co-ordination with these forecasts, and the determination in advance of the expenditure which will be involved—all expressed in the form of definite schedules or programmes—and also, when carried to a logical conclusion, the projection of a profit and loss account and balance sheet."

Again—

"It has been said that budgetary control is cost accounting *before* the event. There is a grain of truth in this, although it may be emphasised that budgetary control can never supplant cost accounting, on which it must largely depend in the framing of its original estimates. Further, without actual cost figures a budgetary system would lack guidance in its task of reaching a set objective. Without a budget, on the other hand, cost accounting may lack objective and often the power to control those *persons* who are responsible for expenditure."



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In the course of the work, Dr. Garden investigates the fundamentals. "The sales budget is usually the foundation of the whole budget structure," and he discusses effectively the many elements which enter into the preparation of this. It is here that those who are responsible for State or local authority budgets realise the much greater difficulties which the industrial budget maker has to face. The many possibilities of variation in actual results as compared with estimated, make it quite clear that the business budget must be flexible. In other words, it must be so non-rigid in character as to allow of such changes in policy as are necessary to enable the aim of industry—"the making of profits"—to be attained.

Dr. Garden develops clearly the other elements to be kept in view, "The production budget provides the means of estimating the cost price of the goods manufactured," but it is right to say that in dealing with "purchases in relation to production," the author seems to admit that the flexibility which he regards as essential to industrial budgetary practice may be limited in some measure, though—"It must always possess sufficient flexibility to enable it to be modified to meet unfolding circumstances and changes in the business situation."

Specially interesting to the administrator are the references made to capital expenditure. Budgeting for capital expenditure has probably not developed to the full in at least local government circles, and the reasons which Dr. Garden gives for making up a capital expenditure budget are largely applicable to local authorities, particularly in the case of trading undertakings. In thus demanding a general plan, prepared far in advance, the budgeting of capital expenditure makes for balanced growth, though, "Long-period capital budgets require, nevertheless, to be continually reviewed."

Criticisms of budgetary control are dealt with. There is an implication that such control tends to destroy individual initiative. On the other hand, however, one of the principal ideas of budgeting is to determine activities in advance. If this is done, then, the need for hasty decisions is largely eliminated. In any case, budgets should be capable of revision to meet changes in the business situation.

The idea of a "Budget Reserve" is quite attractive in its application to administration, and the difficulties involved in "Budget Standards" receive attention. Some risks there may be of budget expense estimates being regarded as authorisations of definite amounts of expenditure. This viewpoint, as is well known, is common enough in municipal and governmental budgets. The underlying reason for the attitude is pointed out as being the fact that unless departmental heads spend up to the estimates, the latter will be reduced and may only with great difficulty be raised again. Then the author finds that



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in industry the idea occurs that "... the importance of a department varies in direct ratio to its expenditure." Some of us know how heavily the public purse is drawn on to meet those in charge of spending departments who hold the same mistaken view.

One chapter is devoted to a comparison of the State budget as compared with the business budget. The author finds quite a lot of differences. Positively, industry budgets for greater expansion; negatively, governments and local authorities budget for restriction in expenditure. One wonders whether the taxpayers would agree with this view! It must be admitted on the whole, however, that the author is, broadly speaking, right. Again, the author goes on, "In business cost price . . . is limited by market price." In government budgeting this is not necessarily so. One can admit this too, if it is agreed that the axiom quoted applies only "in the long run." Further, a government budget is rigid despite the provision made for supplementary votes. A State budget does not form such a valuable co-ordinating agency as the system does in industry. Then there are differences in the preparation of State as opposed to industrial budgets.

In summary, "the greatest care is necessary in attempting to build any useful form of analogy from State and business budgets."

Though this book has been written primarily in the interests of furthering sound business management, there are many ideas occurring through its pages which are of marked interest to the administrator, and the time of any public servant, particularly on the financial side, will be well spent in perusing it.

J. D. I.

### **Second Industrial Survey of South Wales**

3 Vols., 30s. net. Vol. I, 15s.; Vols. II and III, 10s. 6d. each. (University Press, Cardiff.)

THE Second Industrial Survey of South Wales extends and brings up to date the Survey made under the auspices of the Board of Trade in 1931. The official investigation was limited to discovering the surplus of labour in the eastern part of the coal field, and it thus excluded from consideration many important industries and the coastal towns, in which, as the new investigation shows, the aggregate volume of unemployment is large. The present work is of importance because it shows to what extent the change of circumstances and fuller knowledge since that date make it necessary to revise the estimate of the surplus; and because it endeavours to explore the opportunities, great and small, whereby the decline of existing industries can be arrested, and supplementary or new industries can be established.

The three volumes subject the various aspects of these problems to

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an examination which is both comprehensive and minute. The estimate of the surplus of labour in the whole industrial region is now raised from 40,000 to a minimum of 80,000, and even this estimate would leave 12 per cent. of unemployment to be faced. In arriving at this figure the authors have had to take account of the effects of economic nationalism on the coal industry, of inefficiency, technical progress and rationalisation in the tin-plate industry, and of the varied prospects of other trades, but the care with which the work is done is such that little doubt will be left in the mind of the reader that this represents the best that can be hoped for.

After this depressing picture it is something of a relief to turn to the second and third volumes, which describe the industrial facilities of South Wales, and the possible ways of furthering its industrial adjustment and development. The authors, with their eye on the prosperity of southern England and the actual increase of employment in some of the minor industries in South Wales, rest their hopes mainly on the growth and promotion of light industries. They are able to make a number of useful suggestions as to those which would or would not have a chance of success, the best locations for them and even the size of plants. Sometimes they point to the possible extension of existing industries, as in hosiery, chemicals, perambulators, confectionery, etc.; in other cases entirely new lines or work are proposed, as in the case of artificial silk, fabric gloves, plywood, toys, linoleum, etc. The Report concludes with a moderately worded but unanswerable statement of the extent to which the plight of Wales is the result of central political and monetary policy, the more impressive because the authors have not concealed the share of Wales itself, either in technical inefficiency, labour troubles, or mistaken policy of local authorities on rating matters, etc., in bringing about this unhappy situation. In particular, they ask for the extension of "Special Area" facilities to the whole of the industrial region, for further assistance to new industries in raising capital—a difficulty they regard as important in many cases—and they argue that centralised purchasing by local authorities would provide part of the market for some of the new ventures they recommend.

Amidst the many detailed findings there are features of special interest. The chapter on the supply and mobility of labour in the coal field, by Miss Hilda Jennings, is an admirable piece of work. If new industries are to be established where materials or market conditions make it convenient, not only the amount but the accessibility of the labour supply is vital. Her chapter brings out the peculiarities of the mobility of workers in the mining valleys; she comes to the conclusion that labour could be expected to travel up to ten miles

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each way, and also makes some sensible suggestions for reducing the amount of cross-travelling which now exists. The Survey is noteworthy for the attention it gives to the distributive trades, their organisation, and their present and future employment. The authors get into difficulties in their examination of the changes in the number of shops, partly because they have not worked them out trade by trade, but they bring out very clearly the peculiarities in development caused not only by depression, but by geography. It is easy to draw up paper lists of possible industries, but every industry is related to and dependent upon others. In this difficult matter the authors have shown themselves conscious of these inter-relations, both in what they recommend and in what they reject.

It is not to be expected that so large an undertaking should be without gaps, or that there should not still be some unresolved difficulties. This is partly the result of surveying a particular region separately. Many of the suggested light industries would make for the regional market, though some would be "exporting" to other areas. In other cases they suggest factories which would compete with existing ones located elsewhere, and even the opening of special branches of concerns now manufacturing in other parts of the country. So far this represents a diversion of enterprises from other areas. The authors admit the practical difficulties this implies, but argue, quoting Mr. E. A. G. Robinson, that it may probably be found that many of the businesses recently established in the south of England may in the long run prove to be wrongly placed. They also agree that it is useless to set up enterprises which cannot operate at a competitive level of costs. In any case, if occasionally there is a slight favour of "self-sufficiency" in the programme, this is scarcely surprising in an area which has been so hit by central economic policy and for which no really constructive programme has hitherto been provided. It represents, however, one of the difficulties of a purely "Distressed Area Policy." Part of the solution may lie in control outside the area, as well as within it. Professor Marquand and his assistants are to be congratulated on a fine piece of constructive investigation.

After the excellent work done by the investigators, it seems ungracious to complain of the form of the volumes. In all of them the leaves are uncut and whatever the merits of the practice for certain types of books, there seems to be little to recommend it on this occasion. Before one can finish reading a long table, look up a reference given by the authors themselves, or even consult the index one must first use the paper-knife—no slight matter in a work of 1,200 pages. It seems a pity, after so much labour has been taken in preparing the volumes, to make the use of them so inconvenient.

P. F.

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### Capital and Employment

By R. G. HAWTREY. (Longmans.) 15s.

THE disagreements of economists, often the subject of misguided complaint, are really a boon to the student. As Mr. Hawtreys himself says, the content of economics is largely made up of judgments and estimates of human behaviour, and we may add that the characteristics of human behaviour are apt to change even while the economists write. It is not to be expected that any two minds, though equally versed in the study of these matters, should come to precisely similar conclusions, but the points of difference between them may, if carefully tracked down and identified, be of the greatest interest to their readers, whether they turn out to be disagreements as to fact (in which case further data may settle the issue) or varying deductions from the facts (in which case the reader may try to judge between them).

The debates of Mr. Hawtreys and Mr. Keynes, who now occupy the foremost position among monetary theorists in this country, deserve to be studied with the greatest care. In his new book, Mr. Hawtreys does just what is needed: he tries to put his finger on the precise point at which his thought diverges from that of Mr. Keynes, and to justify his own view. There is, for example, their standing difference as to whether the regulation of credit (the main instrument of monetary management) can and should be exercised through control of the short-term rate of interest by means of modifications in the bank rate, or through control of the long-term rate of interest by means of the enlargement or reduction of the banks' cash basis. Mr. Hawtreys's patient exploration of the divergencies of their thought shows that they differ in their premisses. Mr. Hawtreys assumes that a small change in bank rate will make a considerable difference to the orders given by traders to manufacturers, Mr. Keynes that it will not. Only business men—and students of trade statistics—can judge this issue.

The difference is very important, because it is only here that Mr. Hawtreys sees an opportunity for intervention by the monetary authorities to check a trade depression. Mr. Keynes, on the other hand, regarding the long-term rate of interest as governed by the propensity of wealth owners to hold their wealth in the form of money in relation to the opportunities for profitable capital outlay, considers that the monetary authorities can counteract the propensity to hoard by increasing the supply of money, so keeping down the rate of interest, and that if this fails to stimulate private enterprise the Government can, and should in time of need, itself undertake capital outlay.

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Mr. Hawtrey's theory of the long-term rate of interest is that it is determined by supply and demand in the "investment market," and he will have nothing to say to the theory that there are "idle balances" in the hands of private persons, though he admits that they accumulate in the hands of traders and dealers in securities. He assumes that all savings are made available in the investment market, and that "normally" and "in the long run" they all find an outlet in capital outlay, either to extend enterprise or to increase its equipment of plant. In the "short run," he thinks capital outlay is *not* sensitive to the rate of interest, and he admits the possibility of a "credit deadlock"; so that the long-run self-adjusting machinery begins to look distinctly unreliable as the exposition proceeds.

Mr. Keynes' other remedy—capital expenditure by the Government—is one which Mr. Hawtrey has always condemned. In this book he grants it a certain possible efficacy, but as in his earlier books he contends that it is Government borrowing, not Government expenditure, which does good in time of slump. It is a means, he says, of injecting money into the system; but he is reluctant to admit that additional *spending* by the Government is necessary for this purpose. How, one is tempted to ask, can money be injected into the system unless somebody spends it?

Mr. Hawtrey's account of the relation between saving and investment, with its argument that in a state of steady production and income saving must equal *active* investment (as distinct from the investment which consists of unintended additions to holdings of goods) is much more satisfactory than Mr. Keynes'; but both alike are open to the charge of first equating two dissimilar entities (cash and money value) and then at various points in their argument confusing the two.

Other economists besides Mr. Keynes—Professor Pigou, Professor Hayek and Mr. Harrod—come under Mr. Hawtrey's examination, and one, Major Douglas, who would not claim to be an economist. Mr. Hawtrey's courtesy and moderation are not inconsistent with the occasional exercise of that gift of epigram which illuminates all his books. If there is a criticism to make of his handling of other authors it is that he does not always make it quite clear whether he is quoting their views or stating his own. Inverted commas, or *oratio obliqua*, would often make a difficult passage plain.

M. C.

# Notes

## NOTES ON ADMINISTRATIVE LAW

By IVOR JENNINGS, M.A., LL.D.

### *The Canadian New Deal*

The decisions of the Judicial Committee of the Privy Council may not be so spectacular as those of the Supreme Court of the United States, but they often raise much the same sort of problem. Recently the Board has decided a batch of six cases dealing with what is sometimes called the Canadian New Deal. Three of them are reported as *Attorney-General for British Columbia v. Attorney-General for Canada* [1937] A.C. 368, 377, 391; and three as *Attorney-General for Canada v. Attorney-General for Ontario*, or vice versa, [1937] A.C. 326, 355, 405. It would have been much more useful to have them called something else, for names of this kind do not fulfil the function of names, that of distinguishing one from another. In three of the cases Dominion legislation was held *intra vires*, in the others it was held *ultra vires*.

The questions raised involved the special problem of the Canadian Constitution. It is, however, relevant to point out that they exhibit the problem of statutory interpretation which is so important in relation to administrative law. If it is not *lèse majesté* for the President of the United States to suggest that the very eminent justices of the Supreme Court of the United States are not unaffected by their ideological assumptions—or, as Mr. Justice Holmes put it, by their inarticulate major premises—it can hardly be contempt of court to suggest that the judges in other jurisdictions may suffer from the same defects as ordinary mortals. Each of the decisions in these cases is supported by extremely good juristic arguments. Yet in some at least of the cases equally good juristic arguments could be produced to lead to the contrary conclusions. Looking back over the hundred decisions since 1867, it is possible to assert and even to prove that the spirit in which the Canadian Constitution has been interpreted has varied according to the composition of the Board.

In the early period there was a reluctance to limit the powers of both Dominion and Provinces, with the result that *stare decisis* produced difficulties in explaining and distinguishing. There followed a period during which very little trouble was taken and in which inadequate judgments were rendered. Under the influence of Lord Watson the notion of provincial autonomy became dominant, with the result that Dominion powers were rigidly delimited. After the Liberal victory in 1906 the composition of the Board changed, and an emphasis was given to Dominion powers. This emphasis continued for a short period at the beginning of the long reign of Lord Haldane; but, as he became more familiar with Lord Watson's decisions and gave less emphasis to the historical background of the Constitution, his weight came down on the other side. After the formation of the Labour Government of 1929 there was a new spirit evident, chiefly through the influence of Lord Sankey, which resulted in a "liberal" interpretation. With the most recent decisions we are brought back to Lord Watson.



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So the process of interpretation exhibits a kind of pendulum movement. Undoubtedly the range of swing is gradually narrowed. Whatever American critics may say, it is evident that in an English atmosphere, necessarily dominated by a conservative professional tradition, the vaguest categories become more clearly defined as case follows case. It is technically possible to break the bounds and start off on a new frolic; it is, however, traditionally impracticable. The unconscious bias of the judge operates, but on a mass of accumulating material. It is now quite impossible to go back to the Constitution that the fathers of Confederation contemplated; it is even more obviously impossible to develop the kind of Constitution that the fathers of Confederation might have contemplated if they had foreseen the range of modern social and economic problems. To adopt Lord Sankey's simile, the Constitution is a living tree; but, as Lord Sankey refrained from pointing out, it cannot take up its roots and walk, nor can it break the bonds that fetter its branches to the wall. The character of the Constitution must remain what it is until most of eleven Parliaments otherwise determine.

### *Reasons First?*

*Richards v. Goskar* [1937] A.C. 304, was a workmen's compensation case, and we should not pause to consider it if there was not one remarkable characteristic of the judgment. The contention of the appellant was, according to the House of Lords, clearly right if the statute alone was looked at. What caused the difficulty was that the provisions of the Act had been interpreted before. "Apart from the decisions the meaning of the sections seems clear enough," said Lord Atkin. The decisions were those of the House of Lords, which, like the Pope, has long since declared its own infallibility. So they had either to be followed and the clear meaning of the Act perverted, or they had to be "distinguished" and the clear meaning of the Act restored. Lord Atkin, after eleven pages of close reasoning, was able to show that the most important of the previous decisions had been given too narrow a construction. Lord Russell said that when the argument was ended his conclusion was that the appeal should be allowed "if it were possible to adopt that course in the face of what the House had said and decided" in the previous case. He confessed that he had thought it impossible so to do; but Lord Atkin had shown a way through the impasse. Lord Macmillan was convinced that the decision was "consonant with both the spirit and the letter of the statute." He too had experienced some difficulty in reconciling their conclusion with the views expressed in the previous case; but he was glad that it had proved possible to surmount this difficulty in a manner so satisfactory.

Now, did the House decide in favour of the appellant for the reasons set out? Or did they decide in his favour and then look for reasons for so deciding?

### *Dismissal of a Civil Servant*

That in the absence of statutory provisions a civil servant holds office "during His Majesty's pleasure" is one of the most well-settled rules of administrative law. It is a common law rule which applies to all servants employed under the common law. By the double application of the presumption that a statute does not intend to alter the common law and of the presumption that the Crown is bound by a statute no further than is expressly stated or follows by necessary implication, the rule is also applied to civil servants appointed under statutory authority unless the contrary intention appears. The rule was held by the Judicial Committee to apply in *Shenton v. Smith* [1895] A.C. 229, whereas the contrary intention was held to appear in *Gould v. Stuart* [1896] A.C. 575. In the former case there were detailed rules for the protection of the civil servant, and these were held to be merely directives, not interfering with the Crown's prerogative. In the latter case,

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on the other hand, it was held that the incorporation of the rules in the statute indicated, on the special words of the statute, that the prerogative rule was superseded. The recent decision in *R. Venkata Rao v. Secretary of State for India* [1937] A.C. 248, fell between the two. Detailed rules were prescribed under the Government of India Acts; and presumably if they had stood alone *Gould v. Stuart* would have been followed. But the Acts specifically provided that the civil servant should hold "during His Majesty's pleasure." The rules in this case had not been followed. But it was held that the appointment was at pleasure, and that the plaintiff could not by action enforce the rules. The terms of the section contained "a statutory and solemn assurance that the tenure of office, though at pleasure, will not be subject to capricious or arbitrary action, but will be regulated by rule." However, the assurance was not solemn enough for the Government of India, for in this case and in *R. T. Rangachari v. Secretary of State for India* [1937] L.R. 64 I.A. 40, "mistakes of a serious kind have been made and wrongs have been done which call for redress." Unfortunately for the plaintiffs, "to give redress is the responsibility, and their Lordships can only trust will be the pleasure, of the executive government."

A rather important point was mentioned but not decided. It is well known that because of the pleasure rule, a servant of the Crown cannot bring a petition of right for a breach of a contract of service. Presumably such a remedy would be available if the prerogative were excluded by statute. The language of the Board rather suggests that this would be the case, and that only allegations of tort are excluded from petition of right by the maxim that the King can do no wrong.

### *Dismissal of Police Officers*

*Cooper v. Wilson* [1937] 53 T.L.R. 623, is a decision of some importance. A Liverpool police sergeant gave notice of resignation on 27th July. This resignation was accepted and would take effect on 24th August. Statements made by the plaintiff's wife were communicated to the chief constable, who on 12th August ordered an inquiry. Certain charges were formulated, and on 14th August the chief constable found the plaintiff guilty and purported to dismiss him. The Court held, on this point, that section 191 (4) of the Municipal Corporations Act, 1882, remains in force, and that a police officer can be dismissed only by the Watch Committee. The plaintiff appealed to the Watch Committee, which dismissed the appeal on 29th August. In fact, however, his notice had already expired on 24th August, so that he had by 29th August ceased to be a police officer. It was held that his appearance before the Watch Committee had no effect in altering the position. This settled the facts in the plaintiff's favour, but there was a question of law as to whether the plaintiff could ask for a declaration that the dismissal was invalid. His purpose was, of course, to have it declared that he alone was entitled to the return of superannuation contributions, and that the authority had no power to pay the sums to his wife, as they would have if he were dismissed. On the procedural point the court held that in accordance with recent practice a declaration might be made.

The interest of the case lies, however, in a consideration by the Court of Appeal—unnecessary for the decision—of a contention that the inquiry was not conducted in accordance with the principles of natural justice. The chief constable was sitting next to the deputy chairman of the Watch Committee, and the deputy chief constable next to the chief constable. The proceedings were opened by a statement by the chief constable. This implied that he was a kind of respondent to the appeal as well as the judge against whose decision the appeal was being brought. The court held by a majority that the presence of the chief constable on the bench was contrary to natural justice. Greer L.J. said that *R. v. Essex*

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*Justices*, ex parte *Perkins* [1927] 2 K.B. 475; *R. v. London County Council* [1892] 1 Q.B. 190; and *R. v. Brixton Income Tax Commissioners*, 29 T.L.R. 712, established the proposition that if the conduct of the justices is such as to give rise to a reasonable suspicion that justice does not seem to have been done then their decision should be set aside. In all those cases it was established to the satisfaction of the court that the persons concerned had taken no part in the decision. The mere presence of a respondent to the appeal on the bench is enough to give rise to suspicion.

Scott L.J. tried by reference to the Report of the Committee on Ministers' Powers (of which he was a member) to determine whether the function was judicial or quasi-judicial. He thought that "broadly speaking" the definitions there given were correct. But he also thought that in a case such as this "the quasi-judicial approaches in point of degree very near to the judicial." So once more the classification of the Report fails to give any decisive answer. Seeing that there has been no instance, whether in the Courts, in Parliament, or elsewhere, where the definitions of the Report have been the least use, it is perhaps time that the authors of this famous differentiation began admitting that it means precisely nothing (see Jennings, *The Report on Ministers' Powers*, PUBLIC ADMINISTRATION, X, pp. 344-46). In fact, it is not clear why the Lord Justice brought in the alleged distinction; for he went on to say that though exercising "nearly judicial" functions, the Watch Committee was not tied to judicial procedure, and that in any event "it makes no difference to this case." He, too, thought that the chief constable was in the position of a respondent and that his presence on the bench was contrary to natural justice. Besides the cases referred to by Greer L.J., he quoted *R. v. Sussex Justices* [1924] 1 K.B. 256; *R. v. Lancashire Justices*, 94 L.T. 481; *R. v. Glamorgan Appeal Tribunal*, 115 L.T. 930; *Law v. Chartered Institute of Patent Agents* [1919] 2 Ch. 276. He also emphasised the fact that when the appellant withdrew the chief constable remained behind. "The rule of justice that a Court must not listen to one side behind the back of the other is fundamental."

It should be added that Macnaghten J. dissented on this point as on others, holding that the judge below who tried the case had been satisfied that the chief constable had not influenced the members of the Watch Committee and that he was there in his usual capacity. He did not explain how this fitted in with the well-known rule that justice must not only be done but seem to be done.

### TRENDS IN INDIAN ADMINISTRATION—I THE USE OF VOLUNTARY AGENCIES IN GOVERNMENT

By A. APPADORAI, M.A., Ph.D.

THE object of this paper is to draw attention to a significant trend in administration in recent times, viz., the increasing readiness of Government to use the voluntary service of individuals and associations. This is a desirable trend, and, further, is capable of development. A brief analysis of some of the several directions<sup>1</sup> in which the tendency manifests itself is all that is attempted here. There is enough material, I think, for a good monograph on the subject.

A person is said to render voluntary service when he does some work for another by his own free choice, not by compulsion, as when a doctor supervises a children's hospital, without payment. If the same doctor is appointed an honorary physician in a Government hospital, there is an instance of a voluntary

<sup>1</sup> My illustrations are taken primarily from the Madras Presidency and to a lesser extent from the other Indian provinces and the Central Government.

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agency linked to Government. There are, of course, many duties which a citizen is compelled to do by the Government of his country. He is bound, for instance, to assist a magistrate or a police officer reasonably demanding his aid, in the prevention or suppression of a breach of the peace and to serve as juror or give evidence, if called upon by a court to do so. But a citizen is not bound to serve as an honorary physician or as an unpaid magistrate or as a member of a legislature. Service as honorary surgeon or magistrate or in a legislative body is of course coveted as an honour, and may be welcomed as an opportunity for useful service to the community, but it is not compulsory.

There are various forms of social service organised and worked independently of the Government. Under this head come the several institutions for the relief of the poor and of the sick, the education of the adult and the attainment of social equality. We are not here concerned with these. Our province is rather the work of those voluntary agencies, whose services are utilised by Government in the discharge of its duties; who have harnessed themselves to the coach of State and, therefore, have to conform to the regulations, if any, which the State lays down for the carrying out of the service in which they are engaged. They are not paid for their service, though they might claim travelling or other allowances according to rules. In most cases, their work rarely involves continuous attention through the year, the persons concerned being expected to give only part of their spare time for the Government.

The simplest kind of such voluntary service is performed when a person aids an officer of Government in the execution of a warrant. The Code of Criminal Procedure<sup>2</sup> permits, but does not compel, such aid. Here the initiative must normally come from the citizen who is prepared to offer the help. But the Government may also invite the citizen to help them in some form or other. Thus a citizen may be asked to give his opinion on a Bill pending before legislature. On controversial matters, especially of social legislation, this has been a most valuable method of gauging what may be called "expert opinion." Thus, when a Temple-entry Bill, which sought to effect an important innovation in the customary modes of Hindu worship, was introduced in the Indian Legislative Assembly, Government rightly decided to circularise it. The heads of important religious institutions and others learned in Hindu scriptures were requested to give their opinion on the Bill. It is, of course, also open to any one not specifically invited to offer suggestions on a matter under inquiry. The evidence given before the Indian Tariff Board and other Committees appointed by Government is an instance in point.

More regular duties are undertaken by honorary surgeons in Government hospitals. These have already been referred to. Then there are the visitors appointed to various Government institutions. Thus in Madras and the Punjab visitors to jails, technical schools, rescue homes, certified schools and auxiliary homes for the care of juvenile offenders are appointed from among non-officials. Their tenure, normally, is from two to four years; they are also eligible for re-appointment. Their duties include visiting the institutions to which they are attached once a month or a quarter, and commenting and advising on matters affecting their administration. We find, for instance, the visitors to jails in the Punjab making suggestions emphasizing the reformatory aspect of criminal justice; these suggestions include one<sup>3</sup> to provide primary education to prisoners. The visitors may also be consulted by the heads of the respective institutions on certain specified matters.

A different type of service is implied in the institution of arbitrators, which finds a place in the Madras Co-operative Societies Act of 1932. These arbitrators

<sup>2</sup> Section 43.

<sup>3</sup> *The Hindu*, May 2, 1937.

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are local people of some standing, who are appointed to their duties by the departmental head, who is known as the Registrar of Co-operative Societies. Their work is to decide certain classes of disputes relating to business transactions referred to them by the Registrar for disposal. The disputes in question may be between members of a co-operative society, between the members and the society, or between one society and another society. The importance of their function may be seen from the fact that they have power to require the attendance of the parties concerned and of witnesses and to require the production of all books and documents relating to the matter under dispute. The rules state that they are to give an award or decision on the basis of the evidence recorded and "in accordance with justice, equity and good conscience." In the absence of any party duly summoned to attend, the dispute may be decided *ex parte*. From the decision of the arbitrators, there may be an appeal to the Registrar, but Civil Courts cannot entertain any such appeal.

Here is an institution consisting of non-salaried persons who perform a valuable function in the running of a public service. From all accounts, it has worked well and to the satisfaction of all concerned. It saves much of the delay which is incidental to litigation in the ordinary courts; it means some saving to Government as, in its absence, they must employ additional paid staff; it avoids much expense to private parties as well, because legal practitioners are not entitled to appear to represent parties.

But by far the most common and perhaps the most effective utilisation of voluntary agency in Government, provincial and local, is by means of advisory committees. There are several types of these committees. One is the *ad hoc* committee appointed by governments to inquire and report on some matter on which they would like to have more data before taking a certain course of action. The Indian Taxation Inquiry, Economic Inquiry and Banking Committees are examples. To these committees are appointed persons with special competence, business men and economists, and leaders in public life, whose advice may be useful. Then there are the purely legislative committees. Such are the standing committees of provincial legislatures constituted in several provinces in pursuance of the recommendations of the Montagu-Chelmsford Report. They are composed exclusively of members of the legislature and are attached to the departments of Government such as Police, Education, Irrigation, etc., in an advisory capacity. Others are mixed committees composed partly of members of the legislature and partly of non-officials from outside. Others, again, are joint committees of officials and non-officials, having no definite relationship to the legislature, though members thereof are not as such excluded. The advantage of this last type of advisory boards over purely legislative committees is clear; only men who have special knowledge of the subjects which they are called upon to consider need be included. Also the method enables representatives of associations in trade and industry such as Chambers of Commerce, to be, with advantage, nominated. The United Provinces Government in the memorandum they supplied to the Indian Statutory Commission records<sup>4</sup> that there are sixteen committees of this type in the province, each attached to one or other department of Government, the Board of Public Health, the Board of Communications, the Excise Board and the Board of Agriculture being among the most important. Their functions are generally to advise Government on matters referred to them. The Board of Public Health, for instance, discusses matters concerning medical relief, preventive medicine and sanitary schemes. The Board of Communications assists Government in shaping its policy for the development of communications and scrutinising projects in

<sup>4</sup> Report on the Working of the System of Government. United Provinces of Agra and Oudh, 1921-26 (Allahabad, 1930), pp. 200-1.

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pursuance of that policy. The committees could also, on their own initiative, suggest matters for the consideration of the Government.

The composition and functions of one such committee in Madras may be explained in some detail to bring out more clearly the place of advisory committees in the machinery of Government. In this presidency, a scheme of State assistance to industries, which satisfy certain requirements, has been approved by the legislature. In selecting industries which can be given such aid, the Government takes the advice of a Board of Industries consisting of three official members and seven to nine non-official members. The procedure for the selection of the non-official members is so devised as to make the Board partly representative of organised industry and commerce. Three members are elected by the local Chambers of Commerce and Trades Associations. The election, the rules state, is to be "held at a meeting of the members of the Chamber or Association concerned, convened in accordance with the rules of such Chamber or Association." Unorganised interests, cottage industries, for instance, are also given some representation although only by nomination, election being manifestly impossible in their case. The Board may avail themselves of further expert advice, if necessary, in two ways; they may co-opt an official or non-official to assist them, or may refer a matter to a district committee. Law requires that every application for State aid to industries shall be placed before the Board for advice, and further, that no aid shall be granted if the Board by a unanimous resolution at a meeting advises the rejection of the application. No doubt the advice of the Board recommending aid, even if supported by a unanimous vote, is not binding on Government. But no Government, conscious of its responsibilities, can lightly ignore the advice of such an expert committee. This view is indeed borne out by actual experience as recorded in the annual reports of the Department of Industries: Government normally accepts the advice of the Board.

The main institutions for enlisting the co-operation of the citizen in local self-government are twofold, (1) a representative council and (2) the committees of the Council. These committees, according to law,<sup>5</sup> may contain members other than members of the Council. There are provisos to the effect that the number of such "outsiders" may not exceed one-third of the total number of members in the Committee, and, in certain cases, they could be appointed only if approved by not less than one-half of the Council. These mixed committees, as they may be called, correspond in a general way to the deputations said to be working in the German commune. It has been claimed that in Germany the system has been successful in bringing a large number of the general public into active participation in the work of Government. Published evidence relating to the work of local bodies in India is insufficient to enable us to form a judgment on the success of the mixed committees here; we can only say that the system is conceived on the right lines; the success must depend largely on the public spirit of the people working it.

The system of departmental advisory committees, to which we referred earlier, does not seem to be much in vogue in our local self-governing areas. There does not seem to be any insuperable difficulty in constituting them. The municipal engineer, health officer or the commissioner may well have a small advisory committee attached to his department. Members may be chosen for their special competence, and, when possible, on the recommendation of voluntary associations in the locality. The advantages of such committees are generally recognised. They help to secure expert advice in local administration. The discussion, for instance, in an Education Committee composed partly of representatives of managers, parents and teachers has a tone of reality, which gives greater weight to

<sup>5</sup> The Madras Local Boards Act and the Madras District Municipalities Act.



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the resultant decisions. Secondly, as Sir Arthur Salter puts it, "Committees are an invaluable instrument for breaking administrative measures on to the back of the public. Modern government often involves action affecting the interests and requiring the goodwill either of large sections of the community or of the community as a whole. The action cannot be made acceptable, without detailed explanation of this necessity, for which mere announcements in the Press are insufficient. In such cases the prior explanation and the assent of committees of representative men, who, if convinced, will carry the assent of the several sections of the community who look to them as leaders, will be of the greatest possible value." They thus help to popularise the administrative process. Finally, we may say that, while perfection may not be attained merely by multiplying institutions, progress in municipal administration is likely to be accelerated. The rate of progress would, of course, vary with the representative character and the living interest of the voluntary associations and of the personnel enlisted in the service of such committees. But there is no doubt that the mere co-operation of the official and the non-official secured by participation in the work of the committees is likely to have a beneficial influence on local life and institutions.

## Book Notes

**The American Year Book.** A Record of Events and Progress, Year 1936. Pp. xxii, 958. (New York: T. Nelson, 1937.) \$7.50.

As a single volume survey of current developments in the U.S.A. the American Yearbook, of which the 1936 issue now makes its timely appearance, cannot be beaten.

Like its predecessors, its range is extraordinarily wide and the summaries it presents of work and progress in many fields: government, economics and business, social conditions, science and technology and the humanities, have a general relevance by no means restricted to events in the North American continent.

Of particular interest to students of public administration will be the account of the presidential campaign in which President Roosevelt secured election for a second term of office, the survey of the policy of the President, the main events in the Congressional Year, the chief changes in Federal Administrative Agencies, the Supreme Court and Constitutional Law. The account of the Federal Civil Service reveals the large increase which took place in the numbers of the "unclassified" service, all of whom are removable on a change of government. State and local government services also receive brief general treatment.

The new volume worthily maintains the reputation of the series.

F. R. C.

**The South African Journal of Economics.** Vol. 4, No. 3. September, 1936. 6s. net.

FINANCIAL administration in South Africa is the subject of two studies from widely different points of view. First, Mr. H. A. Shannon expands and brings up to date a paper published in the Journal of the Economic Society of South Africa in 1931 on the financial administration of the Union. He examines in great detail the financial procedure adopted by the Executive and the absence of effective control by the Legislature. His main charges are that estimating is not done with sufficient care or accuracy; that supplementary estimates are not given sufficient consideration by Parliament; that the Reports of the Public Account Committee are seldom discussed; that Departments habitually exceed grants and ask for sanction, either by way of supplementary estimates or by the exercise of the power of virement, only after the expenditure has taken place; that expenditure which ought to be charged to revenue is habitually financed by loan; and, generally, that the Executive indulges habitually in what he calls lawlessness.

Mr. Landsberg's paper on "The Present Position of Investment Funds and Government Loan Expenditure in South Africa" throws a certain amount of light upon at least one of these charges. Mr. Landsberg comments on the fact that only a few Governments in the world are in a position to use a large percentage of their current revenues for investment as does the Union of South Africa. He is inclined to take the view that, without the gold-mining industry as a supplier of tax funds, subsidies and relief payments to agriculture—one of the points to which Mr. Shannon directs particular attention—could not and would not be borne. His main concern, however, is with investment policy, and after commenting that

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the Public Debt Commissioners are acting uneconomically in withdrawing large amounts of gilt-edged stock from the market annually by purchase or conversion, concludes that there has been a temptation which has not been resisted to use the additional revenue derived from gold mining for increasing expenditure instead of for reducing taxation. He suggests that the Public Debt Commissioners should be allowed to acquire investments such as mortgage bonds and debentures, and so check the tendency of the Administration "to inflate the sub-economic capital expenditure solely with a view to creating a suitable outlet for public funds."

In his Presidential Address to the Economic Society of South Africa in July, 1936, Professor R. Leslie discusses two recent reports on economic conditions in South Africa—that of the Industrial Legislation Commission and the Customs Tariff Commission—from the point of view of the relation of economics and economists to such inquiries. He draws a distinction between the contribution which an economist can make in showing the economic effects of any proposed course of action and the contribution which he is sometimes expected to make as a member of the Commission in advising on the desirability of the various suggestions considered by the Commission. Desirability depends on policy, and of this the economist is no better judge than the rest of mankind, and indeed cannot, purely as an economist, have a view.

Professor W. H. Hutt writes on price mechanism and economic immobility, Mr. E. D. Weiss contributes the second of his papers on commercial air transport, in which he deals with the position in Germany and Great Britain from the point of view of the approach of air transport to economic independence, and Professor Frankel examines Professor A. G. B. Fisher's book on "The Clash of Progress and Security."

There are the usual reviews and notes and memoranda.

J. K.

### **The South African Journal of Economics.** Vol. 4, No. 4. December, 1936. 6s. net.

This issue contains the last of the three articles by Mr. E. D. Weiss on Commercial Air Transport. He deals with France, Holland and Italy, and contrasts the position in those three countries from the point of view of the attainment by the industry of financial independence from the State. He shows that the Dutch Air Transport industry has reached a position of independence greater than that achieved by the Air Transport industry in any other country. In 1934, 82 per cent. of its expenditure was covered by revenue, this position having been achieved not so much as a result of natural advantages as by reason of efficient management directed towards the goal of financial independence. At the other end of the scale comes Italy, whose index of financial independence in 1933 was 8.7 per cent.—in other words, out of every 100 lire of revenue 91.3 lire had been paid by the Government. He comments also on the absence of any progress by Italy, either in mileage flown or numbers of passengers or weight of freight carried since 1931.

Mr. J. N. Reedman deals with some of the theoretical aspects of import quotas. His general attitude may be gathered from his opening sentence: "Among the latest weapons brought into the armoury of Economic Nationalism the quantitative limitation of the import of specific commodities is one of the most deadly." He shows that the effect of an import quota is not only to insulate the country imposing it from the effects of changes in the world price of the commodity concerned, but also to ensure that the cost of the restriction is borne entirely by the restricting country, since the rise in price consequent upon the restriction of supplies is not offset by the receipt of Customs duties. He thinks that it may be possible that we are moving towards a more conscious control of economic life in which quantitative regulation of international trade may play an important

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part, but he finds nothing to be said in favour of quota restrictions used, as most of them at present are, as sectional and unco-ordinated instruments of protection.

While South Africa has not found it necessary to embark upon quota restrictions on agricultural products, her policy in the other direction for the assistance of the agricultural industry is the subject of vehement attack in a paper by Professor C. S. Richards entitled "The 'New Despotism' in Agriculture: Some Reflections on the Marketing Bill." His main contention is that, while the Bill looks after the producers of practically all agricultural products by presenting them with a complete monopoly, the interests of the community as a whole are not protected and scarcely seem to have been considered. Further, there should be a full knowledge, which is at present not available, of existing machinery for the benefit of agriculture, and of its cost. Only when this information is available will it be time to suggest ways and means of improving the existing machinery. Finally, Professor Richards attacks the extent of regulatory powers conferred upon Departments of State by the Bill, and embarks upon an attack on "bureaucracy" such as might be expected from the quotation incorporated in the title of his paper.

Professor Leo Fouché contributes a very interesting paper on the Origins and Early History of the Dutch East India Company, in which he remarks that South African knowledge of the Company extends generally only to its activities in South Africa. He sketches the early history of the Company in its main sphere of operations, India and the East Indies.

Mr. Pelkowitz writes on the Platinum Boom of 1925 and its aftermath.

There are the usual reviews and notes and memoranda.

J. K.

**The Economic Record.** The Journal of the Economic Society of Australia and New Zealand. Vol. XII, No. 23. December, 1936. 5s. net.

THE decline in white populations throughout the world has been the subject of considerable attention recently both in this country and abroad. Perhaps nowhere is the prospect of a decreasing population more alarming than in Australia, and the examination contributed by Mr. S. H. Wolstenholme to this number of "The Economic Record" is of considerable value in clarifying the position in that Dominion. His conclusion, based mainly upon the net reproduction rate, is that even a constant flow of immigrants at the rate of 40,000 a year is insufficient to counteract the effects of falling natality, though naturally such recruitment of population, if it were attained, would delay the decline.

A very interesting paper on "Marketing and the Constitution" in Australia shows the peculiar difficulty which confronts a country with a Federal Constitution in attempting to organise the marketing of its products. The difficulty in Australia is that, while the Commonwealth, which possesses only the powers specifically granted to it and then does not possess them to the exclusion of the States, possesses the legislative power to deal with "trade with other countries and between the States," and while the Commonwealth Parliament has the exclusive control of the fiscal regime, there is no exclusive power residing either in the Commonwealth Parliament or in the Parliaments of the States which can control trade between the States themselves. The Federal Constitution states that "trade, commerce and intercourse among the States shall be absolutely free," and while various attempts have been made to interpret this somewhat vague statement in such a way as to permit certain kinds of control, those attempts have finally come to nothing through judgments either of the Court or of the Judicial Committee of the Privy Council. The ingenious methods which have been tried in the effort to get round the difficulties are clearly set out and make rather amusing reading. When the

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paper was written the fate of the attempt to obtain an amendment of the Constitution, excepting from the general prohibition against interference with inter-State trade any law with respect to marketing made by the Commonwealth Parliament, was not known, since the referendum was not taken until February.

Professor A. G. B. Fisher pursues the question of federal grants, which has been such a feature of recent numbers of "The Economic Record," and he deals mainly with the Third Report of the Commonwealth Grants Commission. This Third Report does not seriously modify the principles upon which the previous two Reports were based, but elaborates the earlier argument and fills in some of the gaps in the statistical data. The Commission had to deal with three general problems; first, to determine the principles by reference to which the magnitude of federal grants should be determined; second, to determine a normal standard by comparison with which the positions of the various States could be measured; and third, to devise reliable measuring rods for making the necessary comparison. The latest recommendations would make considerable reductions in the grants to South Australia and Western Australia, whose relations with the Federal Government cannot be said to be too happy, even under the present system.

There is an article on Excess Costs of Protected Production, and two articles on New Zealand; first, upon the 1936 Amendments to Industrial Law in New Zealand—which, it will be remembered, introduced the forty-hour and, generally, the five-day week, together with a restoration of wages and salaries to the pre-crisis level, and reintroduced the compulsory arbitration system—and second, on the National Income of New Zealand.

There are the usual reviews and notes.

J. K.

## Institute Notes and News

**Annual General Meeting.**—The fifteenth Annual General Meeting of the Institute was held at Montagu House, Whitehall, on 30th April. The chair was taken by Mr. C. Kent Wright, who was supported by Sir William Hart, Vice-President, and by members of the retiring Council.

The main business of the meeting was consideration of the Annual Report of the Council. This, however, gave rise to very little discussion. Comment was made on the increase in membership and on the satisfactoriness of the financial position. On the first of these two points, the Hon. Secretary remarked that the increase was mainly due to the formation of the New South Wales Regional Group, though there was a welcome increase apart from that. On the second point, the Assistant Hon. Treasurer emphasised the desirability expressed in the Report of building up a Reserve Fund, so that the Institute might be in a position to view the future with assurance.

The various sections of the Report were taken in detail, and there was general agreement that they constituted a record of a good year's work. Salient features of the Report were as follows:—

There had been a net increase in membership of 337, 60 in the British Isles and 277 Overseas. The Australian Regional Groups were vigorous and active, and had contributed several valuable papers to the Journal.

The meetings in London had been well attended, the increase in attendance and interest being largely due to work on behalf of the Institute at County Hall, the headquarters of the London County Council. A University Extension course and a Discussion Circle for the encouragement of junior members were features of the development at County Hall.

The research studies undertaken with the aid of the grant from the Spelman Fund had resulted in three further publications, and some dozen additional researches were in hand.

The Summer and Winter Conferences of the Institute had been successfully carried out, visits to places of administrative interest had been continued, and luncheon addresses had continued to form a valuable feature of the Institute's activities.

The reports of the Regional Groups showed in the aggregate a large number of lectures, discussions and social functions, but one or two Groups had been relatively inactive. The Council had asked the Executive Committee to investigate the reasons why some Groups tend to languish while others continue to flourish.

Towards the end of the year new Regional Groups had been formed in Northern Ireland and Southern Rhodesia.

The Journal of the Institute had maintained its high character, thanks to the contributions from leading workers and thinkers in the administrative world, and the number of pages had been increased.



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Deep regret was expressed at the death of Sir Austen Chamberlain, who had relinquished the office of President of the Institute (being succeeded by Sir Josiah Stamp) at the end of 1936. Sir Austen had been President for ten years. Reference was also made to the lamented death of Sir Andrew Grierson, one of the Vice-Presidents.

The election for the Council had resulted as follows:—

<i>Fellows</i>	<i>Members</i>
Sir Henry Bunbury	Mr. B. Bradley
Mr. Haden Corser	„ K. P. Cannon
Miss M. Curtis	„ W. Coulson
Mr. A. J. C. Edwards	„ H. Dyer
„ Sydney Larkin	„ F. W. Fox
„ E. Lund	„ F. Bruton Haywood
„ J. R. Howard Roberts	„ M. C. Higgins
„ W. D. Sharp	„ T. E. Naughten
„ A. C. Shepherd	„ H. E. Read
Miss D. Smyth	<i>Associates</i>
Mr. F. Steadman	Mr. W. S. Coburn
„ A. J. Waldegrave	„ F. W. East
„ J. R. G. Williamson	„ J. P. Macey
„ C. Winter	„ W. J. Rawlings
„ C. Kent Wright	„ A. S. V. Skilton.
	„ L. E. Waddilove

The accounts showed an income of £2,509 6s. 7d. and an expenditure of £2,247 15s. 7d., the surplus for the year thus being £261 11s.

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The Constitution of the Institute provides that the financial officers shall be elected at the Annual General Meeting; and Mr. F. G. Bowers and Colonel B. Barnes were re-elected as Hon. Treasurer and Hon. Assistant Treasurer respectively. Mr. W. Franklin was re-elected Auditor, and with him was associated Mr. E. Bedford, Borough Treasurer of Stoke Newington. The thanks of the Institute are due to the officers who have served it on this side, especially to Mr. T. Hawkins, who retires from the position of Auditor after serving the Institute in this capacity for five years.

The report of the adjudicators in the Haldane Essay Competition, Mr. E. H. Rhodes and Mr. C. Kent Wright, was received, and presentation of the Institute's prize was made to the winner of the competition, Mr. R. C. Jarvis, of the Customs and Excise Department, who is a member of the Institute. A vote of thanks was accorded to the adjudicators, whose report appears below.

At the meeting of the Council which followed the Annual General Meeting, Mr. C. Kent Wright was elected Chairman of the Council and Mr. W. D. Sharp Vice-Chairman; and Mr. A. J. Waldegrave was re-elected Hon. Secretary of the Institute, warm thanks for his services during the past year being expressed. Mr. Waldegrave expressed the indebtedness of the Institute to the services of Miss Kembell as Assistant Secretary. A vote of thanks to Sir Henry Bunbury, the retiring Chairman, was also passed.

**Haldane Essay Competition.**—The action of the Council in inviting entries this year from members of the public service generally, instead of from members of the Institute only, resulted in 12 entries being received from outside the ranks of the membership. The number of members who entered was 14 and, as already mentioned, the prize went to one of these, Mr. R. C. Jarvis.

## *Institute Notes and News*

The report of the adjudicators was as follows:—

"Twenty-six essays were submitted for the Haldane Essay Competition. Generally speaking the standard was not particularly high. It was unfortunate that those candidates who had original ideas lacked the ability to express them in good style, and those candidates who had a reasonably good style seemed for the most part devoid of original ideas.

An interesting essay dealt with Dyarchy in Indian Administration, and another one entitled 'The Development of Borrowing Powers, Method and Control of a Scottish Royal Burgh,' described the experience, during several hundred years, of the Edinburgh Corporation in the borrowing of money not only for the needs of Local Government, but also for those of local wars and raids.

The essays which, in our opinion, deserve special commendation, are—

- (11) 'The Conflict of Jurisdictions over the River,' by Alpha.
- (13) 'Machinery of Government,' by Grand Trine.
- (20) 'Of the Management of Domiciliary Public Assistance in an Urban Area,' by Semiramis.
- (25) 'The Party System in Local Government,' by Keith.

We gave special attention to the writers who looked at their work in the light of their actual experience.

From the twenty-six essays we singled out ten which seemed worthy of consideration for the prize. After carefully assessing the merits of these we finally decided to award the prize to 'J. Associate,' for his essay on 'The Place of Public Administration in a Changing Society.' As a matter of interest fifteen of the essays dealt with some aspect of Local Government, six with administration in the Civil Service, and the remainder with some specified subject. The choice of subjects, though in many cases 'well-worn' themes were used, extended over a very wide field."

The names of the competitors mentioned as deserving special commendation were:—No. 11, J. E. Siddall; No. 13, B. Walker Watson; No. 20, F. C. Lilley; and No. 25, H. Townshend Rose.

**Essay Competition in Australia.**—We record with great pleasure the generous gift of £500 by Sir George Murray, Lieutenant-Governor and Chief Justice of South Australia, one of the Vice-Presidents of the Institute, to endow an annual prize fund for an Essay Competition among members of the Institute in Australia. It is confidently to be expected that this gift will stimulate much interest among our colleagues in the public service in the Commonwealth and will result in the production by them of some admirable studies of aspects of public administration. We shall look forward to becoming acquainted with these through their appearance in the pages of the Journal.

**Research Publication.**—A further volume has been published under the Institute's research scheme, viz., "Principles of Social Administration," by T. S. Simey, Lecturer in Public Administration in the University of Liverpool. The book is published at 10s. by the Oxford University Press. The grant from the Spelman Fund made it possible for Miss May Irvine to assist Mr. Simey in the collection of material and for the Institute to provide a guarantee towards the cost of publication. If, however, the book meets with the sale which it deserves this guarantee will prove to be unnecessary. Publication has not occurred in time for a review to appear in the present number of the Journal, but one will appear in the next issue. In the meantime members are urged to assist the circulation of the book by individual purchase and by introductions to libraries.

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**Personal.**—Members will have noted with great interest the retirement of Sir William Beveridge from the Directorship of the London School of Economics and the appointment of Professor A. M. Carr-Saunders in his place, following the appointment of Sir William Beveridge as Master of University College, Oxford. Both are excellent friends of the Institute, with an understanding of the value of its contribution from its special field to the general study of modern social organisation. The pleasure of holding the Summer Conference at University College, should it again provide us the accommodation and hospitality which have been appreciated in recent years, will be enhanced by the presence of Sir William Beveridge as Master of the College.

